TODAY'S STORY

INTERIM REPORT TO SHAREHOLDERS

FOR THE NINE MONTHS ENDED MAY 31, 2003

CanWest Global Communications Corp.

CELEBRATING 25 YEARS

INTRODUCTION

Generally, market conditions during the quarter and for the nine-month period ended May 31, 2003 showed continued improvement from the same periods the year before. Revenues increased by 6% for the quarter and EBITDA excluding restructuring expenses was up 11% for the quarter compared to the same quarter the previous year on a same asset (pro forma) basis. For the nine month period, EBITDA increased by 7% and revenues increased 6% compared to the same period last year on a pro forma basis.

Reduced programming expenditures enabled Canadian broadcasting operations to generate a 10% improvement in EBITDA for the quarter. Airtime revenues were up 2% in the quarter. However, overall revenues were down 1% primarily due to lower syndication revenues and the closure of Applebox Productions, an Alberta-based production company. Internationally, television operations in Australia and the Republic of Ireland and television and radio operations in New Zealand continued to record significant revenue and EBITDA gains with EBITDA from International operations up by over 30% in the quarter. Newspapers in Canada also recorded a pro forma EBITDA improvement of 5% for the quarter primarily due to pro forma revenue growth of 4% and cost controls instituted over the past year.

The impact of external factors during the quarter, such as the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS) appeared to be temporary, with minimal longer term effects on advertising markets.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE COMPANY

The Company is a Canadian-based, multi-platform international media company. CanWest owns or has a controlling or substantial interest in operations in the television broadcasting industries in Canada, Australia, New Zealand, Ireland and the United Kingdom, the radio broadcasting industries in New Zealand and Canada, the newspaper publishing industry in Canada, and the out-of-home advertising industries in Australia and South East Asia. The Company owns Internet properties that support these media assets, including *canada.com*. CanWest is also a producer and international distributor of feature films and television programming.

The Company's audit committee has reviewed and approved the consolidated interim financial statements. PricewaterhouseCoopers LLP was engaged by the audit committee to perform a review of the interim financial statements in accordance with CICA Handbook section 7050, *Auditor Review of Interim Financial Statements*, in order to assist the audit committee in fulfilling its regulatory obligations with respect to the consolidated interim financial statements.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a recognized measure of financial performance under Canadian GAAP. Management believes that, in addition to operating income and net earnings, EBITDA is a useful supplemental measure. Management utilizes EBITDA as a measure of segment profitability in making strategic resource allocations. In addition, the Company and its lenders and investors use EBITDA to measure performance against the Company's various leverage covenants. EBITDA also provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors are cautioned, however, that EBITDA should not be construed as an alternative to operating income (earnings before interest and taxes, or "EBIT") or net earnings determined in accordance with GAAP as an indicator of the Company's performance. The Company's method of calculating EBITDA may differ from other companies and, accordingly, EBITDA may not be comparable to measures used by other companies.

The following is a reconciliation of operating income (EBIT) to operating income before amortization (EBITDA) in thousands of Canadian dollars:

	Publishing and Online Canada	Broadcasting Canada	Broadcasting New Zealand TV	Broadcasting New Zealand Radio	Broadcasting Ireland TV	Entertainment Canada	Corporate and Other	Total
For the three months ended May 31, 2003								
Operating income (loss) (EBIT)	58,090	77,046	(661)	3,851	2,203	(5,373)	(29,435)[(1)]	105,721
Amortization	13,667	5,898	751	570	533	34	1,654	23,107
Operating profit (loss) before amortization (EBITDA)	71,757	82,944	90	4,421	2,736	(5,339)	(27,781)	128,828
For the three months ended May 31, 2002								
Operating income (loss) (EBIT)	68,667	68,959	(2,364)	2,469	1,644	(1,641)	(8,073)	129,661
Amortization	15,962	6,428	723	793	450	140	672	25,168
Operating profit (loss) before amortization (EBITDA)	84,629	75,387	(1,641)	3,262	2,094	(1,501)	(7,401)	154,829

(1) Includes corporate expenses as well as $21 million in restructuring expenses.

	Publishing and Online Canada	Broadcasting Canada	Broadcasting New Zealand TV	Broadcasting New Zealand Radio	Broadcasting Ireland TV	Entertainment Canada	Corporate and Other	Total
For the nine months ended May 31, 2003								
Operating income (loss) (EBIT)	163,365	187,662	4,825	13,492	7,072	(5,102)	(43,502)[(1)]	327,812
Amortization	43,145	19,171	2,238	1,676	1,579	346	5,252	73,407
Operating profit before amortization (EBITDA)	206,510	206,833	7,063	15,168	8,651	(4,756)	(38,250)	401,219
For the nine months ended May 31, 2002								
Operating income (loss) (EBIT)	187,082	163,827	(5,991)	9,900	5,423	3,849	(19,616)	344,474
Amortization	47,692	18,947	1,948	1,748	1,384	376	1,225	73,320
Operating profit before amortization (EBITDA)	234,774	182,774	(4,043)	11,648	6,807	4,225	(18,391)	417,794

(1) Includes corporate expenses as well as $21 million in restructuring expenses.

The following discussion is based on the Company's consolidated results for the three and nine month periods ended May 31, 2003. Comparisons with the prior year's results are affected by corporate initiatives, including the divestiture of certain newspaper publishing properties, accordingly, the Company provides certain pro forma comparatives. Pro forma revenue, EBITDA and operating income exclude the results of newspaper publishing interests in Saskatchewan and Atlantic Canada sold to G.T.C. Transcontinental Group Ltd. ("GTC") in August 2002 and exclude the results of the newspaper properties sold to Osprey Media in February 2003 for the period from February 15, 2002 to August 31, 2002.

	Three months ended May 31, 2002			Nine months ended May 31, 2002		
	Revenue $000	EBITDA $000	Operating Income $000	Revenue $000	EBITDA $000	Operating Income $000
As reported	617,014	154,829	129,661	1,788,724	417,794	344,474
Newspaper publishing properties sold	(49,638)	(16,013)	(14,704)	(102,708)	(31,573)	(28,715)
Pro forma	567,376	138,816	114,957	1,686,016	386,221	315,759

ACCOUNTING POLICIES

The Company prepares its consolidated financial statements in Canadian dollars and in accordance with Canadian GAAP. The Company accounts for its economic interest in Network TEN using the equity method of accounting. Under this method, the Company's interest in Network TEN's net earnings (before interest on subordinated debentures) is included in consolidated earnings, and an adjustment is made to the carrying value at which the investment is recorded on the consolidated balance sheet. The carrying value of this investment is reduced by interest on subordinated debentures and dividends received by the Company.

TRENDS

The Company has historically derived more than 70% of its revenue from advertising in Canada. For that reason, the Company's results typically reflect overall activity in the economy. Advertising markets in North America and throughout the world recovered in the second half of fiscal 2002. Results for the first nine months of 2003 appear to confirm that the Canadian economy has rebounded and has led the G8 nations in economic growth over the past year.

The impact of the war in Iraq, which overtook normal television schedules for several days during the quarter, was temporary, and we believe advertising markets have rebounded. Looking ahead there would appear to be some economic uncertainty as a result of spillover from a slowing US economy in 2003, and the lingering effects of the outbreak of Severe Acute Respiratory Syndrome (SARS) on the travel and tourism sectors and convention and conference activities, particularly in Toronto. Results from the Company's television and newspaper assets suggest the improvement in operating results evident in the first six months of the fiscal year, have continued through the third quarter, although the improvement in CanWest Television revenues slowed in the quarter. Advance bookings in the Company's television advertising markets for the fourth quarter of fiscal 2003, traditionally a slow part of the television year in North America, are relatively strong. Upfront sales for the first quarter of fiscal 2004 and the launch of the new television season are also stronger than in recent years. In the United States up front sales for network television for the fall season have increased an average of 15% - the largest such increase in a number of years. Analysts in the U.S. suggest that the additional spending on network television is at least in part a result of the deployment of a significant proportion of advertising budgets away from non-traditional spending to more mainstream media such as network advertising.[1] A similar trend towards increased spending on conventional television appears evident from up front sales in Canada for both the fourth quarter of fiscal 2003 and the first quarter of fiscal 2004.

In the production and distribution of programming, international markets continue to be a challenge as European broadcasters turn away from North American programming. CanWest has responded with significant changes in strategy at its program and distribution company Fireworks Entertainment, which will now concentrate on the North American market, particularly in meeting the requirements of the Company's own broadcast operations.

(1) Advertising Age, May 28, 2003, pg. 1

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 31, 2003

Consolidated revenue for the quarter was $593 million compared to $567 million last year on a pro forma basis, an increase of 5%. Consolidated EBITDA for the three months was $129 million, a 7% decrease from the $139 million generated by the same properties on a pro forma basis during the same three-month period of 2002. Actual EBITDA for the third quarter last year was $155 million, and included the contribution from properties sold to GTC in August 2002 and Osprey in February, 2003. Operating income for the three months was $106 million compared to $115 million in pro forma operating income for the same period last year.

Canadian television revenue, including the Prime specialty channel and the digital specialty channels under development, decreased by $1 million or less than 1%, to $208 million for the three months. The decrease arises primarily from the closure of Applebox Productions, an Alberta based production company. Airtime revenues increased 2% over the same period last year. Canadian television EBITDA increased by $8 million or 10% to $83 million. Operating income increased $8 million or 12% to $77 million. CanWest's television schedules continue to rate well. In the reporting period from March through May, a period affected by a number of events, particularly the war in Iraq, and the NHL playoffs in which two Canadian teams progressed into the later rounds, CanWest's flagship series attracted large audiences. *Survivor IV* was the highest rated show during the quarter in the Toronto market and was the highest rated non-hockey telecast in the Vancouver market, getting edged out only by two games featuring the local team. In addition, seven of Global's season finales attracted large audiences in excess of a million viewers led by *Survivor's* audience of 3.8 million Canadians.[2]

Publishing and online revenue for the third quarter was $301 million, up 4% from the pro forma revenues of $290 million last year. Run-of-press (ROP) linage has recovered, albeit more slowly than television. Publishing and online EBITDA for the third quarter increased by 5%, to $72 million from the $69 million recorded for the same period last year on a pro forma basis. The Company's publishing segment includes CanWest Interactive's electronic publishing operations, which recorded a positive EBITDA for the second quarter in a row, reflecting changes made to the operations over the past year. Operating income for the publishing and online segment increased by 8% to $58 million from the $54 million recorded for the same quarter last year on a pro forma basis.

CanWest's international broadcasting operations continue to perform extremely well. Revenue for the third quarter at TV3 in Ireland was up 6% to €11 million compared to the same period in 2002. EBITDA was €3 million, up 46% compared to the same three months last year. The Company's share of revenue was $9 million, and EBITDA was $3 million. The Company's share of operating income was $2 million, up 34% compared to the same quarter last year.

Results for TV3 and TV4 in New Zealand reflect similar performance improvements as in Ireland. The improved economy coupled with improved audience performance at TV3 have combined to increase television revenue to NZ$30 million, 21% higher than the NZ$25 million recorded in the same quarter one year ago. In Canadian dollars, the TV3/4's revenue increased 40% to $24 million from $17 million the previous year.

Revenue from New Zealand radio improved 5% to NZ$22 million for the quarter, with EBITDA of NZ$5 million, 18% higher than the same quarter last year. Operating income was $4 million compared to $2 million for the same quarter last year. Results from New Zealand were translated into Canadian dollars at $0.8098, 15% higher than the rate of translation in the same quarter last year.

Revenue at Fireworks Entertainment, CanWest's film and television program production and distribution division increased by 16% to $36 million from the same quarter the previous year. Fireworks posted an EBITDA loss of $5 million compared to an EBITDA loss of $2 million for the same quarter last year. The operating loss was $5 million, off $4 million compared to the same quarter last year. At the beginning of the quarter CanWest announced changes to the strategic direction of Fireworks to take account of changing patterns in world-wide content distribution markets. This will include increased emphasis on working with the Company's Canadian television operations - Global Television Network, CH Television, Prime TV and the Company's numerous digital cable channels - to create programming content for the Company's TV operations that will also have appeal to the broader North American market.

During the quarter a non-recurring restructuring charge of $21 million was incurred reflecting expenses associated with the restructuring of Canadian Media Operations and Fireworks.

Corporate expenses decreased 9% from the same quarter in 2002 and remained in line with the last three quarters of 2003 at $7 million.

(2) Bureau of Broadcast Measurement (BBM) people meters, national English speaking average (18-49): Survivor IV, 3.8 million; Friends, 2.4 million; The Simpsons, 1.5 million; That 70's Show, 1.5 million; Everybody Loves Raymond, 1.3 million; Malcolm in the Middle, 1.1 million.

Depreciation and amortization expenses for the quarter totaled $23 million, an 8% decrease from the same three months in 2002 reflecting a reduced asset base with the sale of certain of our newspaper properties.

Financing costs were $93 million in the quarter, compared to $89 million for the three months ending May 31, 2002. The increased cost results from higher interest rates on certain floating debt, interest expense on the new debt advanced in the quarter partially offset by reduced interest expense related to debt repayment.

Investment losses net of gains totaled $2 million for the quarter.

Income tax expense for the quarter was $9 million compared to $20 million in the same quarter last year. The effective rate of 117% is a result of certain losses incurred in the quarter for which the tax benefit was not recognized.

The Company's interest in income from Network TEN was $12 million, an increase of $4 million from the same period last year.

Television revenue at Network TEN, was A$168 million an increase of 14% for the quarter, from A$147 million last year. EBITDA at TEN was A$42 million in the third quarter compared to A$33 million for the same period last year a 26% improvement. Operating income at TEN was A$39 million compared to A$31 million for the same quarter last year. CanWest's share of TEN's revenue increased by 20% to $86 million, while its share of TEN's EBITDA grew by 32% to $22 million. CanWest's share of operating income increased by 33% to $20 million from $15 million. The exchange rate value of the Australian dollar appreciated to the Canadian dollar by 6% for the quarter, compared to the average exchange rate for the third quarter of 2002.

Eye Corp., Network TEN's out-of-home subsidiary, generated revenue of A$18 million in the quarter, down 7% from the same quarter last year, reflecting the continued difficult market conditions in that sector. EBITDA for the quarter was A$2 million, an improvement from the A$0.4 million recorded in the same quarter a year earlier, attributable mainly to progress made by new management at Eye Corp in reducing operating costs. Operating income for the quarter was A$.4 million, up from the operating loss of A$1.4 million posted in the third quarter last year.

CanWest reported net earnings of $12 million or $0.07 per share for the quarter compared to net earnings for the same quarter last year of $31 million or $0.17 per share.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED MAY 31, 2003

Consolidated revenue for the nine months was $1,758 million compared to $1,686 million last year on a pro forma basis, an increase of 4%. Consolidated EBITDA for the nine months was $401 million, up 4% from the $386 million generated by the same properties on a pro forma basis in the first nine months of 2002. Actual EBITDA for the first nine months last year was $418 million, and included the contribution from properties sold to GTC in August 2002 and Osprey in February 2003. Operating income for the nine months was $328 million, up 4% from $316 million on a pro forma basis for the first nine months last year.

The Company's Canadian television revenue, including the Company's Prime specialty channel and the digital specialty channels under development, increased by $28 million or 5%, to $593 million for the nine months. The Company's Canadian television EBITDA increased by $24 million or 13% to $207 million, while operating income increased by $24 million or 15% to $188 million.

For the Fall 2002 ratings period the Bureau of Broadcast Measurement indicated that CanWest television stations lead the ratings in prime time. During the period from September to December, 2002, Global and CH Television ranked first for the season in the 18-49 demographic winning all 16 weeks overall, and winning 14 of 16 weeks in primetime in Toronto and Vancouver. Global Ontario and CH had 10 of the top 20 programs in the 18-49 demographic, including the number one rated show, *Survivor V, Thailand*. *Survivor* was also the number one show across all demographics. Similarly, Global and CH led the prime time ratings in Vancouver, with 12 of the top 20 programs.[3]

(3) BBM people meters – Toronto/Vancouver, (18-49)

Winter and spring 2003 ratings were affected first by program disruptions due to the war in Iraq and then by sporting events such as the Stanley Cup playoffs in May. *Global National* offset the disruptions by increasing its audience substantially during the war and then holding portions of that audience to record a net gain of viewers after the hostilities ceased.

Canadian television operating expenses were up by $4 million or 1% in the first nine months of the year compared to the same period last year. This primarily reflects programming, marketing and promotional costs associated with news coverage of the war in Iraq as well as a full nine months of operating expenses for CanWest's new digital specialty channels compared to only five months in 2002.

Publishing and online revenue for the first nine months was $900 million, up by 2% from the pro forma revenues of $881 million last year. The reporting period was affected negatively by a labour shutdown at the Victoria Times-Colonist that began at the beginning of September and continued through the first week of November 2002 as well as the war in Iraq in March, 2003.

EBITDA from Publishing and Online was $207 million, for the nine-month period, up 2% from the previous year on a pro forma basis, while operating income was $163 million for the nine month period on a same store basis.

Revenue at TV3 in Ireland in local currency was up 7% to €34 million compared to the same period in 2002. EBITDA increased by 25% to €8 million, compared to the same nine month period last year, while operating income increased by 37% to €6 million.

Revenues, EBITDA and operating income for the nine-month period improved substantially at New Zealand television operations TV3 and TV4. Revenue in local currency was 22% higher than the same period one year ago, increasing to NZ$88 million from NZ$72 million. EBITDA and operating income also showed significant improvement, increasing to NZ$9 million and NZ$7 million respectively from losses the year before of NZ$6 million and NZ$9 million respectively.

Revenues from New Zealand radio of NZ$69 million for the nine-month period were 3% ahead of last year in local currency terms. EBITDA of NZ$19 million for the nine months was 11% higher than the results recorded one year ago, while operating income was 14% higher at NZ$17 million. In Canadian dollars, radio operations in New Zealand contributed EBITDA and operating income of $15 million and $13 million in the nine-month period, while New Zealand television operations reported increases in EBITDA and operating income to $7 million and $5 million, respectively, from losses the year before. Results from New Zealand were translated into Canadian dollars at an average rate of $0.7937, 18% higher than the rate of translation in the same period last year.

Fireworks Entertainment, CanWest's feature film and television program production and distribution division recorded $119 million in revenue and an EBITDA loss of $5 million for the first nine months.

Corporate expenses decreased by 6% to $17 million for the first nine months of 2003 as compared to the same period in 2002.

Depreciation and amortization expenses for the first nine months totaled $73 million, compared to $73 million for the same nine months in 2002.

Financing costs were $279 million for the nine months, compared to $286 million for the nine months ending May 31, 2002, reflecting lower debt levels. Year to date net investment gains of $20 million represent the gains on sale of Ontario communities and on dilution of the investment in Network TEN offset by a $2 million loss on certain properties recorded in the third quarter. Last year the Company recorded a $63 million gain on the sale of CKVU.

Income taxes totaled $16 million for the three quarters of 2003, compared to $32 million for the same nine months last year. The effective tax rate of approximately 27% in each comparative period compares to a statutory rate of 39%. The effective rate is affected by the existence of loss carryforwards in New Zealand not previously recognized, lower tax rates in international jurisdictions, and non-taxable investment gains, partially offset by tax benefits on losses not recognized in the third quarter of 2003.

The Company's interest in income from Network TEN was $49 million, an increase of $27 million from the same period last year.

Television revenue at Network TEN, was A$486 million for the nine months, compared to revenue of A$422 million last year. Television EBITDA at TEN increased by 18%, to A$153 million in the first nine months of 2003 compared to the A$130 million during the same period last year. Operating income increased by 19% to A$144 million in the first nine months of 2003 compared to A$121 million during the same period in 2002. CanWest's share of revenue, EBITDA and operating income, expressed in Canadian currency improved by 41% to $246 million, 27% to $77 million and 28% to $73 million, respectively. The average rate of exchange of Australian dollars to Canadian dollars was 7% higher for the nine months in 2003 compared to the same period in 2002.

TEN's ratings gains made in the first quarter of fiscal 2003 continued into the second and third quarters and are attributable to the success of both domestic programming such as *Rove Live*, *Big Brother*, and of other Australian programming, notably sports such as the Australian Football League. The stronger ratings enable TEN to capture an increased share of the overall TV advertising market in Australia and solidify its position among the country's younger viewers.

Eye Corp. generated revenue of A$55 million in the nine months, down 10% from the same period last year. EBITDA and operating income for the nine months were A$4 million and A$0.4 million, an increase from the A$3 million and A$1.5 million operating loss recorded in the same period a year earlier.

CanWest reported net earnings of $91 million or $0.47 per share for the nine month period. Net earnings reported for the first nine months last year were $117 million or $0.66 per share.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations before investment in and amortization of film and television programs and changes in non-cash working capital amounted to $59 million for the three months ending May 31, 2003, compared with $80 million for the same period last year. For the nine months, cash flow from operations before investment in and amortization of film and television programs and changes in non-cash working capital amounted to $232 million compared to $260 million last year.

Fireworks invested $24 million in film and television programs for the quarter, compared to $29 million for the same quarter last year. On a year to date basis, the cash investment has been $100 million for the current year, compared to $134 million for the first nine months last year. Amortization of film and television programs of $38 million for the quarter and $110 million for the year to date were up from the $27 million and $108 million posted for the third quarter and first nine months last year.

Changes in non-cash working capital amounted to a use of funds of $9 million for the three months compared to a use of $40 million for the same quarter last year. On a year to date basis, $107 million was used in operations compared to a use of $157 million for the same period last year.

Capital spending in the quarter totaled $9 million compared to $10 million for the same quarter last year. On a year to date basis, capital spending totaled $21 million compared to $39 million last year. Current year capital spending reflects normal repair and replacement expenditures.

The Company made principal debt repayments totaling $313 million in the quarter and $590 million in the first nine months, including $193.5 million derived from proceeds from the sale of Ontario community newspapers. In the first nine months, the Company received advances under the Fireworks loan facility of $91 million. Scheduled repayments of the Company's senior credit facility amount to $44 million over the next twelve months.

In April 2003, the Company completed a private placement of US$200 million (approximately $295 million) of senior unsecured notes at an interest rate of 7 5/8% per annum. Substantially all of the proceeds were used to retire a portion of the 12 1/8% subordinated notes held by Hollinger International Inc. and Hollinger Canadian Newspapers Limited Partnership on May 14, 2003, reducing interest costs by approximately $12.7 million annually going forward.

In December, the Company redeemed its Series 2 Preference Shares for cash of $57.7 million. In January, 2003, the Company received an interim distribution of interest and dividends from Network TEN totaling $30 million.

Usage, including outstanding letters of credit under the Company's $1,844.1 million senior credit facility at May 31, 2003 was $1,574.3 million.

Total long-term debt of $3,391 million includes $760 million in junior subordinated notes, which bear interest payable in kind through November 2005. Total drawn debt from third parties at Fireworks at May 31, 2003 was $77 million. Network TEN had drawn A$425 million of its A$700 million credit facility and had cash on hand of A$19 million at May 31, 2003.

The Company has entered into currency and interest rate swaps under its senior indebtedness. The average cost of debt, including the junior subordinated notes, after taking into account other financial instruments in place was 10%.

Senior secured leverage under the Company's senior credit facility was 3.27 times EBITDA for the 12 months ended May 31, 2003, compared to a covenant of 4.25 times. Additionally, the Company had cash and short-term investments amounting to $102 million at May 31, 2003.

In July 2003, the Company sold certain investments for proceeds of approximately $44 million. The proceeds will be used to repay bank debt.

OUTLOOK

All CanWest television operations have shown considerable strength through the first three quarters of fiscal 2003. This positive trend should continue as all the economic indicators in the respective economies of Canada, Australia, New Zealand and Ireland show positive growth.

The signing of Kevin Newman to a new multi-year contract as executive editor and anchor of the nightly national news flagship will enable Global National to sustain its strong competitive position in the Canadian news marketplace.

Global also announced subsequent to the quarter that it had exercised its considerable buying power to acquire 10 new dramas, 6 new sitcoms and 1 new reality series from top U.S. producers. The acquisitions will bring 14 new hours of high quality primetime viewing to Canadians in the fall and will complement returning drama series such as *24* and *Without A Trace* that continue to gain popularity with viewers. In addition, the final season of *Friends* and *Frasier* will launch in the fall and their finale shows will be the must-see programming events of the upcoming year.

The Company applied to the Canadian Radio-television and Telecommunications Commission (CRTC) to disaffiliate its Red Deer, Alberta station, CKRD, from the Canadian Broadcasting Corporation and bring to Alberta the CH schedule currently seen throughout Ontario, Montreal, and the Greater Vancouver and Victoria BC markets. The Commission heard the application at a hearing in Edmonton during the week of June 16th.

Two of the Company's six digital specialty channels, *Lonestar* and *Deja View* remained one and two among adult viewers aged 24-54 in Canada. The other channels continue to rate in the top twenty among digital subscribers. Close to 3 million households now have access to these digital channels and advertisers are beginning to show an interest in the niche market opportunities provided by the new specialty channels.

CanWest's newspaper operations in Canada continue to perform well. The automobile and technology sectors continue to provide the main positive revenue growth. The absence of newspaper circulation growth remains a concern at metropolitan daily newspapers everywhere and CanWest properties are no exception. Nevertheless, various promotional campaigns generated increases in net paid circulation in CanWest dailies in Montreal, Calgary and Vancouver through the quarter, and similar initiatives are in train at other locations.

Subsequent to the end of the quarter, CanWest announced the expansion to its radio operations in Canada as the CRTC awarded the Company a licence to launch a new radio station in the Kitchener-Waterloo region of southern Ontario. The station, *The Beat*, will broadcast a mix of contemporary hits, hip-hop and rhythmic dance music aimed at the younger demographic group at the region's many post-secondary educational institutions. The new station will be in addition to Winnipeg's COOL FM, launched on February 28th of this year. Another CanWest radio licence application, for Edmonton, remains before the CRTC.

CanWest will continue to pursue additional operational efficiencies and cost reductions at all units. The Company announced a major re-organization of the senior management of its Canadian media operations in January, 2003. The more integrated management structure has streamlined decision-making and enhanced the ability of the Company's television, publishing and interactive assets to work more closely together as complementary and mutually supportive media businesses. This re-organization was followed by the launch of the CanWest News Service and the Canadian News Desk, located in Winnipeg, but with journalist resources in Winnipeg and across Canada. CanWest consumers saw immediate benefits of increased depth and wider coverage of Canadian and international news on both television and in CanWest's newspapers.

FORWARD LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements. Such forward looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. The Company may not update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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July 17, 2003

To the Audit Committee of
CanWest Global Communications Corp.

In accordance with our engagement letter dated January 10, 2003, we have reviewed the accompanying interim consolidated balance sheet of **CanWest Global Communications Corp.** (the "Company") as at May 31, 2003 and the related interim consolidated statements of earnings, retained earnings and cash flows for the three and nine month periods then ended. These interim consolidated financial statements are the responsibility of the Company's management.

We performed our review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor. Such an interim review consists principally of applying analytical procedures to financial data, and making enquiries of, and having discussions with, persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, whose objective is the expression of an opinion regarding the interim financial statements; accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our review, we are not aware of any material modification that needs to be made for these interim consolidated financial statements to be in accordance with Canadian generally accepted accounting principles.

This report is solely for the use of the Audit Committee of the Company to assist it in discharging its regulatory obligation to review these interim consolidated financial statements, and should not be used for any other purpose. Any use that a third party makes of this report, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this report.

PricewaterhouseCoopers LLP

Chartered Accountants

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 2003	May 31 2002	May 31 2003	May 31 2002
REVENUE	593,212	617,014	1,758,015	1,788,724
Operating expenses	317,364	313,965	912,123	941,415
Selling, general and administrative expenses	125,967	148,220	423,620	429,515
Restructuring expenses	21,053	-	21,053	-
	128,828	154,829	401,219	417,794
Amortization of intangibles	4,375	4,375	13,125	13,125
Amortization of property, plant and equipment	17,419	19,133	55,117	55,364
Other amortization	1,313	1,660	5,165	4,831
OPERATING INCOME	105,721	129,661	327,812	344,474
Financing expenses	(93,287)	(88,544)	(279,478)	(286,223)
Dividend income	1,999	1,883	3,532	3,241
	14,433	43,000	51,866	61,492
Investment gain (loss) net of write downs	(2,277)	-	19,831	63,020
Interest rate swap loss	(4,767)	-	(13,634)	-
	7,389	43,000	58,063	124,512
Provision for income taxes	8,670	20,342	16,010	31,902
EARNINGS (LOSS) BEFORE THE FOLLOWING	(1,281)	22,658	42,053	92,610
Minority interests	-	570	-	4,330
Interest in earnings of Network TEN	12,428	7,989	49,089	22,188
Interest in loss of other equity accounted affiliates	(256)	(529)	(1,035)	(966)
Realized currency translation adjustments	1,593	-	693	(1,000)
NET EARNINGS FOR THE PERIOD	12,484	30,688	90,800	117,162
EARNINGS PER SHARE:				
Basic	$0.07	$0.17	$0.47	$0.66
Diluted	$0.07	$0.17	$0.47	$0.64

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

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands of Canadian dollars)

	As at	
	May 31 2003	August 31 2002
ASSETS		
Current Assets		
Cash	102,154	61,090
Accounts receivable	556,650	470,246
Income taxes recoverable	-	33,334
Inventory	13,018	19,836
Investment in film and television programs	96,616	98,096
Future income taxes	32,777	30,013
Other	10,499	13,726
	811,714	726,341
Investment in Network TEN	26,718	4,494
Other investments	166,826	162,361
Investment in film and television programs	300,691	317,176
Property, plant and equipment	636,548	679,224
Other assets	95,611	103,975
Intangibles	1,097,274	1,096,458
Goodwill	2,478,218	2,631,099
	5,613,600	5,721,128
LIABILITIES		
Current Liabilities		
Accounts payable	139,931	164,988
Accrued liabilities	195,714	227,104
Income taxes payable	7,334	-
Film and television program accounts payable	79,192	64,834
Deferred revenue	47,902	60,596
Current portion of long term debt	77,829	172,753
	547,902	690,275
Long term debt	3,313,199	3,337,163
Other accrued liabilities	104,469	86,217
Future income taxes	439,402	431,562
	4,404,972	4,545,217
SHAREHOLDERS' EQUITY		
Capital stock	846,814	896,422
Contributed surplus	3,647	3,647
Retained earnings	400,504	317,376
Cumulative foreign currency translation adjustments	(42,337)	(41,534)
	1,208,628	1,175,911
	5,613,600	5,721,128

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31 2003	May 31 2002	May 31 2003	May 31 2002
Retained earnings - beginning of period, as previously reported	388,020	390,832	317,376	475,053
Adjustment for adoption of new accounting pronouncements	-	-	-	(170,695)
Retained earnings - beginning of period, as adjusted	388,020	390,832	317,376	304,358
Excess of redemption price over carrying value of preferred shares	-	-	(7,672)	-
Net earnings for the period	12,484	30,688	90,800	117,162
Retained earnings - end of period	400,504	421,520	400,504	421,520

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31 2003	May 31 2002	May 31 2003	May 31 2002
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings for the period	12,484	30,688	90,800	117,162
Items not affecting cash				
Amortization	23,126	27,583	78,239	80,565
Interest paid in kind	28,597	27,340	85,585	78,153
Future income taxes	1,398	3,016	1,614	12,400
Interest in earnings of Network TEN	(12,428)	(7,989)	(49,089)	(22,188)
Interest in loss of other equity accounted affiliates	256	529	1,035	966
Minority interests	-	(813)	-	(6,519)
Realized currency translation adjustments	(1,593)	-	(693)	1,000
Interest rate swap loss	4,767	-	13,634	-
Investment (gain) loss net of write downs	2,277	-	(19,831)	(63,020)
Distributions from Network TEN	-	-	30,212	60,984
	58,884	80,354	231,506	259,503
Investment in film and television programs	(24,196)	(28,923)	(100,181)	(133,628)
Amortization of film and television programs	38,474	27,352	110,011	108,089
Other changes in non-cash operating accounts	(8,824)	(40,236)	(106,598)	(157,057)
	64,338	38,547	134,738	76,907
INVESTING ACTIVITIES				
Proceeds from sale of other investments	-	-	-	87,000
Other investments	-	(4,408)	(4,473)	(4,408)
Proceeds from divestitures	-	-	193,500	133,039
Purchase of property, plant and equipment	(8,627)	(10,402)	(20,949)	(39,425)
	(8,627)	(14,810)	168,078	176,206
FINANCING ACTIVITIES				
Issuance of long term debt	294,700	-	385,674	-
Repayment of long term debt	(313,367)	(64,243)	(590,146)	(211,760)
Issuance of share capital	-	-	392	520
Preferred share redemption	-	-	(57,672)	-
Net change in bank loans and advances	-	-	-	(28,999)
	(18,667)	(64,243)	(261,752)	(240,239)
NET CHANGE IN CASH	37,044	(40,506)	41,064	12,874
CASH – BEGINNING OF PERIOD	65,110	72,869	61,090	19,489
CASH – END OF PERIOD	102,154	32,363	102,154	32,363

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED MAY 31, 2003 AND 2002 (UNAUDITED)

(In thousands of Canadian dollars except as otherwise noted)

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in broadcast television, publishing, radio, specialty cable channels, out-of-home advertising, production and distribution of film and television programming and internet websites in Canada, Australia, New Zealand, Ireland and Northern Ireland. The Company's operating segments include television and radio broadcasting, entertainment, and publishing and online operations. In Canada, the Television Broadcast segment includes the operation of the Global Television Network, Global Prime, various other conventional and specialty channels and the Cool FM radio station. The Canadian Publishing and Online segment includes the publication of a number of newspapers, including metropolitan daily newspapers, and the National Post as well as operation of the canada.com web portal and other web based operations. The Entertainment segment includes the operation of CanWest Entertainment, a producer and distributor of film and television programs. The New Zealand Television Broadcasting segment includes the operations of the TV3 and TV4 Television Networks. The New Zealand Radio Broadcasting segment includes the More FM and RadioWorks radio networks. The Irish Television Broadcasting segment includes the Company's 45% interest in the Republic of Ireland's TV3 Television Network. The Corporate and Other segment includes the Company's 57.1% economic interest (57.5% to February 27, 2003) in the TEN Group Pty Limited which owns and operates Australia's TEN Television Network ("Network TEN") and various portfolio investments in media operations, including a 29.9% equity interest in Northern Ireland's Ulster Television plc ("UTV").

The Company's broadcast customer base is comprised primarily of large advertising companies who place advertisements with the Company on behalf of their customers. Publishing revenues include advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenues are seasonal. Revenues and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

Basis of Presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada for interim financial statements and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim periods presented. However, these interim financial statements do not include all the information and disclosures required for annual financial statements. The accounting policies used in the preparation of these interim financial statements are the same as those used in the most recent annual financial statements. These interim statements should be read in conjunction with the most recent annual financial statements of the Company. All amounts are expressed in thousands of Canadian dollars unless otherwise noted.

2. ACQUISITIONS AND DIVESTITURES

a) In February 2003 the Company sold its interest in community newspapers and related assets in Southern Ontario for cash proceeds of $193.5 million. The accounting gain on this sale was $20.7 million; assets and liabilities disposed amounted to $179.6 million (including goodwill of $157.0 million) and $6.8 million, respectively.
b) In August 2002, the Company sold its interest in community newspapers and related assets in Atlantic Canada and Saskatchewan for cash proceeds of $257.0 million. The accounting gain on the sale was $48.9 million; assets and liabilities disposed amounted to $227.3 million and $19.2 million, respectively.
c) Effective March 31, 2002, the Company acquired the remaining 50% interest in The National Post not already owned. In September 2001, the Company assumed control of The National Post and, accordingly, changed its method of accounting for The National Post to a consolidation basis from an equity basis.
d) In October 2001, the Company completed the sale of CKVU Sub Inc. and received proceeds of $133.0 million.
e) In September 2001, the Company completed the sale of CF Television Inc. and received proceeds of $87.0 million.

3. INVESTMENT IN NETWORK TEN

During the nine months ended May 31, 2003 Network TEN issued 5.8 million shares for proceeds of $10.6 million as a result of the exercise of management stock options. This effectively diluted the Company's economic interest in Network TEN to 57.1% from 57.5% and resulted in an investment gain of $1.5 million.

The Company owns approximately 14.8% (15% to February 27, 2003) of the issued ordinary shares and all of the convertible debentures and subordinated debentures of Network TEN, an Australian television broadcast network. The subordinated debentures have an aggregate principal amount of A$45.5 million and pay interest based on distributions to holders of ordinary shares. The convertible debentures have an aggregate principal amount of A$45,500 and pay a market linked rate of interest. The combination of ordinary shares and subordinated debentures yield distributions equivalent to approximately 57.1% (57.5% to February 27, 2003) of all distributions paid by Network TEN. The convertible debentures are convertible, upon payment of an aggregate of A$45.5 million, into a number of ordinary shares which would represent 49.7% (50% to February 27, 2003) of the issued and outstanding shares of Network TEN at the time of conversion.

As a result of its contractual right to representation on Network TEN's board of directors and other factors, the Company accounts for its interest in Network TEN on the equity basis. The Company has appointed three of the thirteen members of the board of directors of Network TEN.

The following selected consolidated financial information of Network TEN has been prepared in accordance with accounting principles generally accepted in Canada. The accounts have been translated to Canadian dollars using the current rate method.

Summary Consolidated Balance Sheets

	As at	
	May 31	August 31
	2003	2002
ASSETS		
Current assets	275,547	285,303
Other assets	3,428	4,825
Property, plant and equipment	82,443	71,875
Long term investments	12,152	2,188
Intangibles	255,324	246,305
Goodwill	51,978	49,304
	680,872	659,800
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	168,350	191,736
Long term liabilities	439,558	442,975
Subordinated debentures issued to the Company	40,154	40,154
Share capital	50,710	40,146
Deficit	(17,609)	(52,232)
Cumulative foreign currency translation adjustment	(291)	(2,979)
	680,872	659,800

Other Consolidated Financial Data

	For the nine months ended May 31	
	2003	2002
Cash flow from operations (1)	112,800	95,100
Distributions paid	52,500	111,900
Capital expenditures	20,800	19,500

(1) Cash flow from operations before changes in non-cash operating accounts.

Summary Consolidated Statements of Earnings

	For the nine months ended May 31	
	2003	2002
Revenue	477,280	398,302
Operating expenses	338,695	289,839
	138,585	108,463
Amortization of property, plant, equipment and other	11,419	10,754
Operating income	127,166	97,709
Financing expenses	(59,886)	(19,894)
	67,280	77,815
Provision for income taxes	19,334	23,662
Earnings before the following	47,946	54,153
Goodwill impairment loss	-	(20,905)
Minority interests	-	3,359
Net earnings for the period	47,946	36,607
Interest in respect of subordinated debentures held by the Company	43,236	3,902
Earnings for the period before interest in respect of subordinated debentures	91,182	40,509

Summary Statements of Retained Earnings

	For the nine months ended May 31	
	2003	2002
Retained earnings (deficit) – beginning of year	(52,232)	94,142
Earnings for the period before interest in respect of subordinated debentures	91,182	40,509
Distributions paid	(56,559)	(123,984)
Retained earnings (deficit) – end of period	(17,609)	10,667

The Company's economic interest in Network TEN's earnings for the nine months ended May 31, 2003 is $ 49.1 million (2002- $ 22.2 million).

4. RESTRUCTURING EXPENSES

During the three months ended May 31, 2003 the Company undertook restructuring activities in its Canadian Media and Entertainment operations. The $21 million cost of this restructuring, consisting of $17 million in employee severance, $2 million in lease termination costs and $2 million in costs related to discontinuing certain film and television projects, has been recorded in the three months ended May 31, 2003. As at May 31, 2003, $17 million of this amount remains accrued for future expenditures; consisting of $14 million in employee severance, $2 million in lease termination costs and $0.3 million related to discontinued film and television projects.

5. LONG TERM DEBT

In October 2002, Fireworks Entertainment Inc., a subsidiary of the Company, secured a stand alone credit facility with a syndicate of lenders. The facility is a three year revolving facility collateralized by certain assets of Fireworks Entertainment Inc. and bears interest at floating rates of LIBOR plus 2.25% to 3.5%. The US$110 million total commitment under this facility is based on acceptable receivables; as at May 31, 2003 total availability was US$59.6 million, of which US$55.7 million was advanced.

In April 2003, the Company issued US$200 million ($295 million) in senior unsecured 7 5/8% notes maturing in April 2013. In May 2003, the Company repaid $274 million in 12.125% junior subordinated notes.

As a result of debt repayments during the year the Company has interest rate swaps outstanding in aggregate notional amounts in excess of its underlying debt. The change in value of these overhanging swaps was expensed in the period.

6. CAPITAL STOCK

In December 2002, the Company elected to redeem all of its outstanding Series 2 preference shares recorded at $50.0 million for an aggregate redemption price of $57.7 million.

7. EARNINGS PER SHARE

The following table provides a reconciliation of the numerators and denominators used in computing basic and diluted earnings per share.

	For the three months ended May 31		For the nine months ended May 31	
	2003	2002	2003	2002
Net earnings	12,484	30,688	90,800	117,162
Excess of redemption price over carrying value of preferred shares	-	-	(7,672)	-
Earnings available to common shareholders	12,484	30,688	83,128	117,162
Basic weighted average shares outstanding during the period	177,071,250	177,054,958	177,068,661	176,921,717
Dilutive effect of options	8,040	28,644	6,718	26,889
Dilutive effect of preference shares	-	4,599,212	-	4,922,729
Diluted weighted average shares outstanding during the period	177,079,290	181,682,814	177,075,379	181,871,335
Options outstanding that would have been anti-dilutive	2,143,247	1,686,073	2,143,247	1,715,700

8. STOCK BASED COMPENSATION

The Company utilizes the intrinsic value approach to accounting for stock compensation expense. The following are the pro forma results as if the Company had applied the fair value based method of accounting for stock-based compensation. The fair value of options granted during the nine months ended May 31, 2003 was estimated using the Black Scholes pricing model with the assumptions of no dividend yield (2002 – nil), an expected volatility of 54% (2002 – 40%), risk free interest rates of 4.5% to 4.9% (2002 – 4.8% to 5.4%) and an expected life of 7 to 9 years (2002 – 6 to 9 years).

The fair value of 394,500 options that were granted by the Company was $1,502,224. The pro forma costs of stock option expense for the three and nine months ended May 31, 2003 are $375,988 and $1,234,299 respectively (2002 - $661,558 and $1,997,521). A value of $4,815,492 would be charged to pro forma earnings in future periods according to the vesting terms of the outstanding options. The resulting pro forma net earnings and diluted earnings per share for the three months ended May 31, 2003 are $0.07 and $0.07 respectively (2002 - $0.17 and $0.17) and nine months ended May 31, 2003 are $0.46 and $0.46, respectively (2002 - $0.65 and $0.63).

9. CONTINGENCY AND GUARANTEES

CONTINGENCY

In March 2001, a statement of claim was filed against the Company and certain of the Company's subsidiaries by CanWest Broadcasting Ltd.'s ("CBL's") former minority interests requesting, among other things, that their interests in CBL be purchased without minority discount. In addition, the claim alleges the Company wrongfully terminated certain agreements and acted in an oppressive and prejudicial manner towards the plaintiffs. The lawsuit seeks damages in excess of $345 million. The Company believes the allegations are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The Company intends to vigorously defend this lawsuit.

GUARANTEES

In connection with the disposition of assets, the Company has provided customary representations and warranties that range in duration. In addition, as is customary, the Company has agreed to indemnify the buyers of certain assets in respect of certain liabilities pertaining to events occurring prior to the respective sales relating to taxation, environmental, litigation and other matters. The Company is unable to estimate the maximum potential liability for these indemnifications as the underlying agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined.

The Company has issued financial letters of credit in support of a variety of obligations, primarily in support of indebtedness of TV3 Ireland, in the aggregate amount of $55.2 million.

The Company and its subsidiaries enter into operating leases in the ordinary course of business for real property and equipment. In certain instances, the Company has guaranteed the obligations of the lessee under such agreements. The Company believes the likelihood of a material payment pursuant to such guarantees is remote.

The Company has not made any significant indemnification payments in the past, and no amount has been accrued in these consolidated financial statements in respect of such guarantees. A liability would be recognized should any loss under an indemnification agreement become probable and estimable.

10. SUBSEQUENT EVENT

In July 2003, the Company sold certain other investments with a book value of $54 million for proceeds of $44 million.

11. SEGMENTED INFORMATION

The Company operates primarily within the publishing and online, broadcasting and entertainment industries in Canada, New Zealand, Ireland and Australia.

Each segment reported below operates as a strategic business unit with separate management. Segment performance is measured primarily on the basis of operating profit. There are no significant inter-segment transactions. Segmented information in thousands of Canadian dollars is as follows:

	For the three months ended May 31		For the nine months ended May 31	
	2003	2002	2003	2002
REVENUE				
Television				
Canada	207,635	208,784	593,461	564,995
New Zealand – TV3 and TV4	24,096	17,251	69,549	48,738
Ireland – TV3	8,556	7,039	26,520	21,973
	240,287	233,074	689,530	635,706
Radio – New Zealand	17,644	14,568	54,654	44,909
Entertainment – Canada	36,074	31,036	119,297	129,662
Publications and online – Canada	300,566	339,278	900,003	983,288
Inter-segment revenue	(1,359)	(942)	(5,469)	(4,841)
TOTAL REVENUE	593,212	617,014	1,758,015	1,788,724
OPERATING PROFIT				
Television				
Canada	82,944	75,387	206,833	182,774
New Zealand – TV3 and TV4	90	(1,641)	7,063	(4,043)
Ireland – TV3	2,736	2,094	8,651	6,807
	85,770	75,840	222,547	185,538
Radio – New Zealand	4,421	3,262	15,168	11,648
Entertainment – Canada	(5,339)	(1,501)	(4,756)	4,225
Publications and online – Canada	71,757	84,629	206,510	234,774
SEGMENT OPERATING PROFIT	156,609	162,230	439,469	436,185
Corporate expenses	6,728	7,401	17,197	18,391
Restructuring expenses	21,053	-	21,053	-
OPERATING PROFIT	128,828	154,829	401,219	417,794

12. U.S. GAAP RECONCILIATION

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In certain circumstances GAAP as applied in the United States ("U.S.") differs from Canadian GAAP. The principal differences affecting the Company are disclosed in the annual financial statements.

REVISION OF PRIOR YEARS' INFORMATION

The Company's 2001 and subsequent periods' net income and shareholders' equity have been revised to reflect certain adjustments to previously reported net income and shareholders' equity in accordance with US GAAP for the accounting for derivative financial instruments. The Company has determined, notwithstanding their designation as hedges and achievement of their intended economic purpose, its cross currency interest rate and interest rate swaps did not meet all of the criteria for hedge accounting under FAS 133. As a result, the unrealized gains and losses on derivative financial instruments are included in net income as they arise whereas previously these amounts were included in other comprehensive income. These adjustments resulted in increasing net income for the nine months ended May 31, 2002 by $4.9 million (net of income taxes of $2.7 million). The effect on shareholders' equity resulting from these adjustments was an increase of $4.8 million (net of income taxes of $9.4 million) as at August 31, 2002 and a decrease of $5.9 million (net of income taxes of $2.5 million) as at August 31, 2001.

Consolidated Statements of Earnings

The following is a reconciliation of net earnings reflecting the differences between Canadian and U.S. GAAP:

	For the nine months ended May 31	
	2003	2002 Revised
Net earnings in accordance with Canadian GAAP	90,800	117,162
Pre-operating costs, net of tax of ($1,012) (2002 - $1,754)	2,596	(1,070)
Realization of cumulative translation adjustments, net of tax of nil	(693)	1,000
Integration costs related to CanWest Publications, net of tax of $109	(193)	-
Programming costs imposed by regulatory requirement, net of tax of $1,852 (2002 - $1,746)	(2,455)	(2,316)
Equity accounted affiliates in trust, net of tax of nil	-	3,375
US GAAP adjustments in equity accounted affiliates net of tax of ($1,359)	2,125	-
Unrealized gain (loss) on interest rate and cross currency swaps net of tax of $28,747 (2002 – ($2,659))	(403)	4,872
Net earnings in accordance with U.S. GAAP before cumulative effect of adoption of new accounting policies	91,777	123,023
Cumulative effect of adoption of new accounting policies, net of tax of $2,500	-	(45,269)
Net earnings in accordance with U.S. GAAP	91,777	77,754
Earnings per share:		
Earnings before cumulative effect of adoption of new accounting policies		
Basic	$0.48	$0.70
Diluted	$0.48	$0.68
Earnings per share		
Basic	$0.48	$0.44
Diluted	$0.48	$0.43

The following financial information has been prepared on a combined basis to proportionately consolidate the Company's 57.1% (57.5% to February 27, 2003) interest in Network TEN. This financial information is supplemental to the Company's consolidated financial statements and is designed to provide more complete disclosure of the scope of the Company's operations.

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 2003	May 31 2002	May 31 2003	May 31 2002
REVENUE	688,744	698,270	2,031,952	2,017,748
Operating expenses	509,796	519,550	1,512,913	1,519,196
OPERATING INCOME BEFORE UNDERNOTED	178,948	178,720	519,039	498,552
Corporate expenses	6,728	7,401	17,197	18,391
Restructuring expenses	21,053	-	21,053	-
OPERATING INCOME BEFORE AMORTIZATION (EBITDA)	151,167	171,319	480,789	480,161
Amortization of intangibles	4,375	4,375	13,125	13,125
Amortization of property, plant and equipment	19,576	21,264	61,401	60,761
Other amortization	1,403	1,825	5,435	5,617
OPERATING INCOME (EBIT)	125,813	143,855	400,828	400,658
Financing expenses	(96,971)	(92,079)	(289,032)	(295,418)
Dividend income	1,999	1,883	3,532	3,241
	30,841	53,659	115,328	108,481
Investment gain (loss) net of write downs	(2,277)	-	19,831	63,020
Interest rate swap loss	(4,767)	-	(13,634)	-
EARNINGS BEFORE INCOME TAXES (EBT)	23,797	53,659	121,525	171,501
Provision for income taxes	12,650	23,735	30,383	47,247
EARNINGS BEFORE THE FOLLOWING	11,147	29,924	91,142	124,254
Minority interests	-	1,293	-	6,261
Goodwill impairment loss	-	-	-	(11,387)
Interest in loss of equity accounted affiliates	(256)	(529)	(1,035)	(966)
Realized currency translation adjustments	1,593	-	693	(1,000)
NET EARNINGS FOR THE PERIOD	12,484	30,688	90,800	117,162
EARNINGS PER SHARE: (1)				
Basic	$0.07	$0.17	$0.47	$0.66
Diluted	$0.07	$0.17	$0.47	$0.64

(1) Earnings per share have been calculated on the basis of the weighted average number of shares outstanding during the nine months of 177,068,661 (2002 – 176,921,717).

COMBINED BALANCE SHEETS (UNAUDITED)

(In thousands of Canadian dollars)

	As at	
	May 31 2003	August 31 2002
ASSETS		
Current Assets		
Cash	112,026	66,904
Accounts receivable	624,823	527,475
Income taxes recoverable	-	67,253
Inventory	13,018	19,836
Investment in film and television programs	173,977	161,771
Future income taxes	32,777	30,013
Other	12,432	19,654
	969,053	892,906
Other investments	173,764	163,619
Investment in film and television programs	300,691	317,176
Property, plant and equipment	697,283	734,499
Other assets	97,568	106,750
Intangibles and goodwill	3,724,242	3,870,526
	5,962,601	6,085,476
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	389,023	479,365
Income taxes payable	12,675	-
Film and television program accounts payable	105,799	64,834
Deferred revenue	47,902	60,596
Current portion of long term debt	78,492	187,167
	633,891	791,962
Long term debt	3,529,395	3,566,116
Other accrued liabilities	125,289	100,259
Future income taxes	465,398	451,228
	4,753,973	4,909,565
SHAREHOLDERS' EQUITY		
Capital stock	846,814	896,422
Contributed surplus	3,647	3,647
Retained earnings	400,504	317,376
Cumulative foreign currency translation adjustments	(42,337)	(41,534)
	1,208,628	1,175,911
	5,962,601	6,085,476

COMBINED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the nine months ended	
	May 31 2003	May 31 2002	May 31 2003	May 31 2002
Retained earnings - beginning of period, as previously reported	388,020	390,832	317,376	475,053
Adjustment for adoption of new accounting pronouncements	-	-	-	(170,695)
Retained earnings - beginning of period, as adjusted	388,020	390,832	317,376	304,358
Excess of redemption price over carrying value of preferred shares	-	-	(7,672)	-
Net earnings for the period	12,484	30,688	90,800	117,162
Retained earnings - end of period	400,504	421,520	400,504	421,520

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 2003	May 31 2002	May 31 2003	May 31 2002
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings for the period	12,484	30,688	90,800	117,162
Items not affecting cash				
Amortization	25,374	29,879	84,793	86,748
Interest paid in kind	28,597	27,340	85,585	78,153
Future income taxes	1,396	3,016	7,480	29,230
Interest in loss of equity accounted affiliates	256	529	1,035	966
Minority interests	-	(1,537)	-	(8,451)
Goodwill impairment loss	-	-	-	11,387
Investment (gain) loss net of write downs	2,277	-	(19,831)	(63,020)
Interest rate swap loss	4,767	-	13,634	-
Realized currency translation adjustments	(1,593)	-	(693)	1,000
	73,558	89,915	262,803	253,175
Investment in film and television programs	(24,196)	(28,923)	(100,181)	(133,628)
Amortization of film and television programs	38,474	27,352	110,011	108,089
Other changes in non-cash operating accounts	(23,533)	(56,557)	(91,912)	(241,475)
	64,303	31,787	180,721	(13,839)
INVESTING ACTIVITIES				
Other investments	(2,748)	(4,408)	(7,221)	(4,408)
Proceeds from Network TEN dilution	540	-	6,039	-
Proceeds from sale of other investments	-	-	-	87,000
Proceeds from divestitures	-	-	193,500	133,039
Purchase of property, plant and equipment	(10,656)	(14,116)	(31,558)	(50,612)
	(12,864)	(18,524)	160,760	165,019
FINANCING ACTIVITIES				
Issuance of long term debt	402,851	-	493,825	-
Repayment of long term debt	(418,019)	(53,656)	(732,904)	(113,100)
Issuance of share capital	-	-	392	520
Preferred share redemption	-	-	(57,672)	-
Net change in bank loans and advances	-	-	-	(28,999)
	(15,168)	(53,656)	(296,359)	(141,579)
Net change in cash	36,271	(40,393)	45,122	9,601
Cash – beginning of period	75,755	79,712	66,904	29,718
Cash – end of period	112,026	39,319	112,026	39,319
Cash flow from operations per share: (1) (2)				
Basic	$0.42	$0.51	$1.48	$1.43
Diluted	$0.42	$0.49	$1.48	$1.39

(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 177,068,661 (2002 – 176,921,717).

(2) Cash flow from operations is defined as cash flow from operations before investment in and amortization of film and television programs and other changes in non-cash operating accounts.

COMBINED BUSINESS SEGMENT INFORMATION [1]

(In thousands of Canadian dollars)

	For the three months ended May 31		
	2003 Actual	2002 Actual	2002 Pro forma[2]
REVENUE			
Television			
Canada	207,635	208,784	208,784
Australia – Network TEN	86,054	71,542	71,542
New Zealand – TV3 and TV4	24,096	17,251	17,251
Ireland – TV3	8,556	7,039	7,039
	326,341	304,616	304,616
Radio – New Zealand	17,644	14,568	14,568
Entertainment – Canada	36,074	31,036	31,036
Publications and online – Canada	300,566	339,278	289,640
Outdoor – Australia	9,478	9,714	9,714
Inter-segment revenue	(1,359)	(942)	(942)
TOTAL REVENUE	688,744	698,270	648,632
OPERATING PROFIT			
Television			
Canada	82,944	75,387	75,387
Australia – Network TEN	21,562	16,297	16,297
New Zealand – TV3 and TV4	90	(1,641)	(1,641)
Ireland – TV3	2,736	2,094	2,094
	107,332	92,137	92,137
Radio – New Zealand	4,421	3,262	3,262
Entertainment – Canada	(5,339)	(1,501)	(1,501)
Publications and online – Canada	71,757	84,629	68,616
Outdoor – Australia	777	193	193
SEGMENT OPERATING PROFIT	178,948	178,720	162,707
Corporate expenses	6,728	7,401	7,401
Restructuring expenses	21,053	-	-
OPERATING PROFIT (EBITDA)	151,167	171,319	155,306

(1) Combined results include the Company's 57.1% (57.5% to February 27, 2003) economic interest in Network TEN.

(2) Pro forma results exclude the results of community newspapers sold in August 2002 and exclude the results of the community newspapers sold in February 2003 for the period from February 15, 2002 to August 31, 2002.

COMBINED BUSINESS SEGMENT INFORMATION[1]

(In thousands of Canadian dollars)

	For the nine months ended May 31		
	2003 Actual	2002 Actual	2002 Pro forma[2]
REVENUE			
Television			
Canada	593,461	564,995	564,995
Australia – Network TEN	245,996	200,096	200,096
New Zealand – TV3 and TV4	69,549	48,738	48,738
Ireland – TV3	26,520	21,973	21,973
	935,526	835,802	835,802
Radio – New Zealand	54,654	44,909	44,909
Entertainment – Canada	119,297	129,662	129,662
Publications and online – Canada	900,003	983,288	880,580
Outdoor – Australia	27,941	28,928	28,928
Inter-segment revenue	(5,469)	(4,841)	(4,841)
TOTAL REVENUE	2,031,952	2,017,748	1,915,040
OPERATING PROFIT			
Television			
Canada	206,833	182,774	182,774
Australia – Network TEN	77,464	61,089	61,089
New Zealand – TV3 and TV4	7,063	(4,043)	(4,043)
Ireland – TV3	8,651	6,807	6,807
	300,011	246,627	246,627
Radio – New Zealand	15,168	11,648	11,648
Entertainment – Canada	(4,756)	4,225	4,225
Publications and online – Canada	206,510	234,774	203,201
Outdoor – Australia	2,106	1,278	1,278
SEGMENT OPERATING PROFIT	519,039	498,552	466,979
Corporate expenses	17,197	18,391	18,391
Restructuring expenses	21,053	-	-
OPERATING PROFIT (EBITDA)	480,789	480,161	448,588

(1) Combined results include the Company's 57.1% (57.5% to February 27, 2003) economic interest in Network TEN.

(2) Pro forma results exclude the results of community newspapers sold in August 2002 and exclude the results of the community newspapers sold in February 2003 for the period from February 15, 2002 to August 31, 2002.

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