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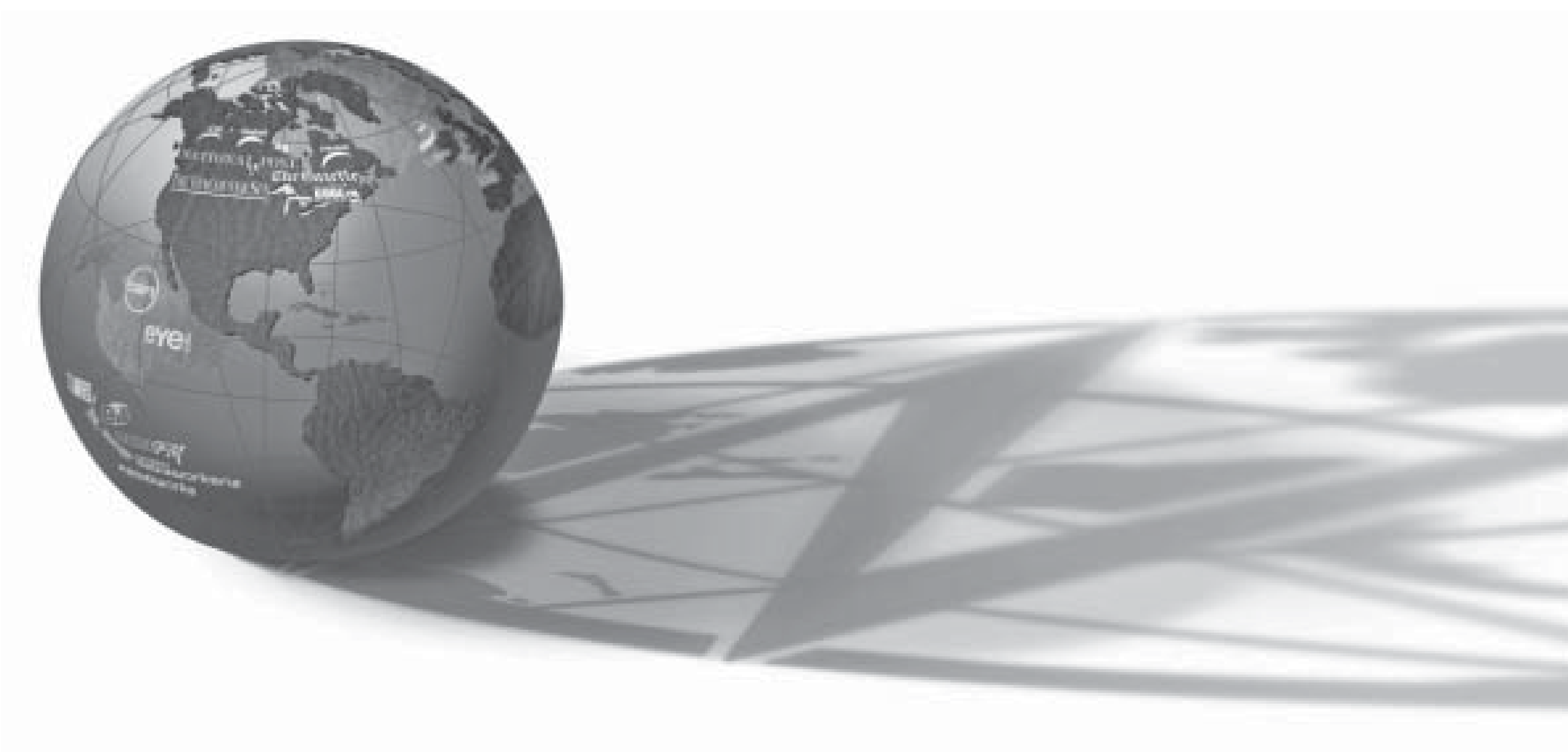
CanWest Global
Communications Corp.



INTERIM REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2005

TO THE SHAREHOLDERS OF CANWEST GLOBAL COMMUNICATIONS CORP.

I am pleased to report that during the second quarter of fiscal 2005, CanWest continued to benefit from industry leading performances at its international broadcasting and out-of-home media operations. Australia's TEN Group Pty Limited continues to lead the Australian broadcasting sector in profitability and CanWest MediaWorks NZ also turned in good financial results. Network TEN Australia did see a slight cooling in ratings at the end of the reporting period, which coincides with the launch of the Australian television season, after a white-hot start to the fiscal year, when it won its target demographic and captured second position among all viewers. Despite that TEN was able to report another record first half to fiscal 2005, as it continues to exercise cost discipline while presenting a winning program formula. The remainder of the fiscal year should see a continuation of the good performance in both South Pacific markets.

While Canadian television operations improved over the same period in fiscal 2004, with overall revenues increased slightly, Global Television continues to re-build its prime time schedule in an effort to regain the top spot in Canadian conventional television. The stability of CanWest MediaWorks' daily newspapers was demonstrated by their small but steady revenue growth for the quarter compared to the same period last year, in the face of an overall newspaper industry decline in ad spending.

Near the end of the second quarter CanWest announced the launch of a revolutionary multi-media brand in Canada. *Dose*, a new source of information, ideas, and tools created specifically for young Canadians, by young Canadians. *Dose* will offer Canada's first daily magazine, a comprehensive online service, and a leading edge wireless portal. This multi-platform brand is designed and built by representative members of the audience it targets – urban, intelligent, and fun 18-34 year-olds. *Dose* launched on April 4, 2005 when 320,000 magazines were distributed in Calgary, Edmonton, Ottawa, Toronto, and Vancouver. CanWest also announced the start of a unique partnership with two leading publishers, Torstar, the publisher of the Toronto Star, and Metro International S.A., a Scandinavian publishing company, that is the leading producer of free commuter papers worldwide. The three-way partnership has launched *Metro*, a free commuter daily for the Vancouver and Ottawa markets. Additional *Metro*s will also be launched in Calgary and Edmonton and will combine the power of all three partners in further advancing the *Metro* brand in Canada.

Also during the reporting period, CanWest announced changes to the make-up of its Board of Directors as a result of the appointment of CanWest Chairman, the Hon. Frank McKenna as Canada's Ambassador to the United States, and the retirement of long standing Board member Jalynn Bennett. Mr. McKenna, who performed stellar service to shareholders during his five years on the Board, the last 18 months as Chairman, resigned his position effective March 1, 2005. Ms. Bennett, after six years of service, resigned at the Company's Annual General Meeting of Shareholders in January. She has not only been a director of the highest integrity, but also a key advisor to the Company in her capacity as Chair of the Audit Committee and given all the changes imposed on companies by changes to the regulatory environment, Ms. Bennett was among our hardest working directors by any measure, as she successfully helped to steer the Company through complex new compliance regimes.

Mr. David Drybrough who has been serving on the CanWest Board for two years was named to replace Mr. McKenna as Interim Chairman. This appointment continues the CanWest policy of an independent board member acting as chair. On April 7, the Board also welcomed Derek Burney, OC, of Ottawa, and Lisa Pankratz, CA, CFA, of Vancouver to the Board of Directors. Mr. Burney is currently chairman of New Brunswick Power. He was President and CEO of CAE Inc. and served as Canada's Ambassador to the United States from 1989 to 1993. Ms. Pankratz is a Chartered Accountant and President and Corporate Director of Cundill Investment Research Inc.

I join Interim Chairman David Dryborough and the rest of the Board in welcoming our new members. ■

Respectfully Submitted
Leonard J. Asper
President and Chief Executive Officer

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. Many of these factors are beyond the control of the Company. Consequently, all forward-looking statements made in this Management Discussion and Analysis or the Company's documents referred to herein are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized.

OVERVIEW

CanWest is an international media company with interests in broadcast television, publishing, radio, specialty cable channels, outdoor advertising and Internet websites in Canada, Australia, New Zealand and Ireland. In each of our markets we seek to develop a broad media platform that provides us with the ability to provide a multimedia product offering to our customers. Our diversification within the Canadian market and internationally has contributed to the stability of our overall results.

This interim discussion should be read in conjunction with the Management Discussion and Analysis contained in our annual report for the year ended August 31, 2004, which is filed on SEDAR at www.sedar.com.

Key Factors Affecting Segment Revenues and Operating Income

Television Broadcast

We have four television broadcast segments, one for each country in which we carry on such operations. Our Canadian television segment includes our broadcast television networks in Canada as well as specialty channels and two recently launched radio stations. Our New Zealand and Irish television segments cover our television operations in those countries. Our Australian television segment includes our interest in TEN Group Pty Limited ("TEN Group"), which owns and operates TEN Television Network ("Network TEN").

We generate the majority of our television broadcast revenues from the sale of advertising, with the remainder generated from subscriber revenues earned by our specialty channels and the sale of broadcast rights to our programming. Demand for television advertising is driven primarily by advertisers in the packaged goods, automotive, retail and entertainment industries and is strongly influenced by general economic conditions. The attractiveness of our programs to advertisers and the rates we charge are primarily a function of the size and demographics of our viewing audience. The dependence of our advertising revenues on the ratings performance of our television programs makes our television broadcast revenues less predictable than our publishing revenues.

Following a 7% decline in advertising revenue in fiscal 2004 for Canadian television, advertising revenues have increased by 3% for the six months ended February 28, 2005, compared to the same period in fiscal 2004. The revenue decrease in 2004 reflected a slight reduction in television advertising purchases in general as well as loss of market share resulting primarily from reduced ratings performance. The advertising sales increases in fiscal 2005 were led by strong increases in sales in the packaged goods sector somewhat offset by decreases in the automotive and entertainment sectors.

Our Australian television broadcast segment continued to perform well in the six months ended February 28, 2005 as compared to the same period in fiscal 2004, with local currency revenues up by 15%. The effect of the weakening local currency relative to the Canadian dollar offset the local currency increases in revenue for the six months ended February 28, 2005 by 3%. Our New Zealand television broadcast segment continued to perform well in the six months ended February 28, 2005 as compared to the same period in fiscal 2004 with local currency revenues up by 11%. The effect of the strengthening local currency relative to the Canadian dollar contributed an additional 2% revenue increase for New Zealand, when the local currency is converted into Canadian dollars. In our Irish television segment, revenues in local currency for the six months ended February 28, 2005 showed growth of 13%, as compared to the same period last year.

Our principal television broadcast operating expenses are programming costs and employee salaries. For the six months ended February 28, 2005, segment operating expenses increased by 6% in Canada as compared to the same period last year, primarily as a result of increased programming costs. In Canada, we expect this trend to continue throughout fiscal 2005 as we continue to invest in our program schedule. For the six months ended February 28, 2005, segment operating expenses in local currency, in Australia, increased by 6% as compared to the same period last year, reflecting increased programming costs. In New Zealand, segment operating expenses for the six months in local currency increased by 5%, as compared to the same period in the prior year as a result of increased programming costs. For the six months ended February 28, 2005, our Irish broadcasting operation segment operating expenses increased 7%, as compared to the same period last year.

Publishing and Online

Our publishing and online segment includes our Canadian newspaper operations as well as our internet operations including the canada.com web portal. Our publishing and online revenues are primarily earned from newspaper advertising and circulation revenues from our newspapers in Canada. Our newspaper and online advertising revenues are a function of the volume, or lineage, of advertising sold and the rates we charge. Circulation revenues are produced from home-delivery subscriptions for our newspapers and single-copy sales sold at retail outlets and vending machines and are a function of the number of newspapers we sell and the average per-copy prices we charge.

Combined advertising and circulation revenues for our newspapers were 6% higher in the six months ended February 28, 2005 as compared to the same period in fiscal 2004. The advertising increase for the six months resulted from increases in pricing as lineage was slightly reduced from the prior year. Circulation revenues were flat in the six months ended February 28, 2005 as compared to the same period in the prior year as declines in circulation were offset by higher per copy revenue. We expect that circulation revenues, which make up approximately 20% of total newspaper revenues, will remain flat in the remainder of fiscal 2005 and that slight declines in newspaper circulation will be somewhat offset by gaining paid circulation from our electronic editions, which were launched in all of our major markets in fiscal 2004, and maintaining a higher per copy revenue.

Our principal operating expenses in the publishing and online segment are salaries, newsprint and distribution expenses. Segment operating expenses increased by 3% in the six months ended February 28, 2005, primarily as the result of increased payroll costs. Our newsprint expense for the six months ended February 28, 2005 decreased by approximately 4% as a result of reduced pricing and a reduction in consumption. As a result of the strong Canadian currency we expect our cost of newsprint to remain relatively constant in fiscal 2005.

Radio Broadcast

Our radio broadcast segment consists of our radio operations in New Zealand, which earn substantially all of their revenues from advertising. Radio advertising revenues are a function of overall radio advertising demand and advertising rates. Radio advertising rates are determined based on the number and demographics of our listeners. Our radio broadcast segment revenues increased 6%, in local currency for the six months ended February 28, 2005, as compared to the same period in the prior fiscal year reflecting strong growth in radio advertising expenditures in New Zealand. In addition, a strengthened New Zealand currency contributed an additional 2% increase for the six months. We expect revenues in local currencies to continue to increase during 2005, bolstered by the addition of new FM frequencies acquired in fiscal 2004 and 2005.

The principal operating expenses in the radio broadcast segment are salaries, marketing costs and music royalties. Segment operating expenses in local currency increased 7% for the six months ended February 28, 2005 as compared to the same period in fiscal 2004. As a result of the strengthened New Zealand currency, this increase was 9% for the six months in Canadian dollars.

Outdoor Advertising

Our outdoor advertising segment consists of TEN Group's wholly-owned subsidiary, Eye Corp. Eye Corp. generates its revenue from the sale of out-of-home advertising. Eye Corp.'s advertising revenues are a function of overall outdoor advertising demand and rates. Eye Corp.'s advertising rates are primarily a function of the number and demographics of the audience for Eye Corp.'s displays. Segment revenues increased by 43% for the six months ended February 28, 2005 as compared to the same period in fiscal 2004, in part reflecting the acquisition of the remaining 50% interest in the Eye Shop subsidiary. As well, airport terminal advertising sales have increased with increased air travel and increases in rates and inventories. The principal operating expenses in this segment are salaries, site rental costs and production expenses. Segment operating expenses have decreased to 76% as a percentage of revenues for the six months ended February 28, 2005 from 82% from the same period in fiscal 2004.

Foreign currency effects

Our Australia, New Zealand, and Ireland operations expose our segment revenues and operating expenses to fluctuations between the Canadian dollar and the Australian dollar, New Zealand dollar and the euro respectively. A decline in value of the Canadian dollar against those currencies increases the Canadian dollar equivalent of the revenues and expenses we record in those currencies. An increase in the Canadian dollar has the opposite effect.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The only change to the Company's accounting policy was implemented in the first quarter and is related to the implementation AcG-15 "Consolidation of Variable Interest Entities" where the Company has consolidated the operations of the TEN Group. There are no other significant changes in the Company's accounting policies or estimates since August 31, 2004 as described in the Management Discussion and Analysis in the Company's 2004 Annual Report.

Consolidation of Variable interest Entities

The Accounting Standards Board of the CICA issued AcG-15, *Consolidation of Variable Interest Entities.* We have determined that we are the primary beneficiary of TEN Group, a variable interest entity. Accordingly, effective September 1, 2004, we have consolidated the results of TEN Group. We previously used the equity method to account for our interest in TEN Group. The consolidation of TEN Group has had a significant impact on our revenues, expenses, assets and liabilities. There was no impact on our shareholders' equity. The impact of the consolidation of TEN Group is disclosed in note 1 of our interim consolidated financial statements. In addition, the restatement of all the previous quarters is presented in Restated Quarterly Financial Results of the Management Discussion and Analysis. On implementation of AcC-15 we determined that an immaterial entity that was previously consolidated should be excluded from our consolidation effective September 1, 2004.

OPERATING RESULTS

Introductory Note

- ***Segment operating profit.*** In the discussion that follows, we provide information concerning our segment operating profit. See note 13 to our interim consolidated financial statements for the three and six months ended February 28, 2005. Management utilizes segment operating profit as a measure of segment profitability in making strategic resource allocations.

- ***Operating income before amortization.*** We also discuss our consolidated operating income before amortization. We provide this measure because we and our lenders and investors use operating income before amortization to measure performance against our various leverage covenants. Operating

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2005

The following is a table of segmented results for the three months ended February 28, 2005 and February 29, 2004. See note 13 to our interim consolidated financial statements:

	Revenue		Segment operating profit	
Operating Segments	**2005 $000**	**2004 $000** Revised[1]	**2005 $000**	**2004 $000**
Publishing and Online – Canada	289,467	286,302	54,930	56,573
Television				
Canada	163,718	160,977	25,671	29,958
Australia – Network TEN	154,573	144,106	58,773	49,787
New Zealand	23,104	21,563	2,119	3,052
Ireland	8,461	7,759	2,284	2,162
Total television	349,856	334,405	88,847	84,959
Radio – New Zealand	24,412	23,108	8,110	7,930
Outdoor – Australia	24,918	18,050	4,904	2,257
Corporate and other	-	-	(8,095)	(8,224)
Total	688,653	661,865	148,696	143,495

[1] See note 1 to our interim consolidated financial statements

income before amortization is not a recognized measure of financial performance under Canadian generally accepted accounting principles (GAAP). Investors are cautioned that operating income before amortization should not be construed as an alternative to operating income or net earnings determined in accordance with GAAP as an indicator of our performance. Our method of calculating operating income before amortization may differ from other companies and, accordingly, operating income before amortization may not be comparable to measures used by other companies. A reconciliation of operating income before amortization to net earnings, which is the most closely comparable GAAP measure is set forth below under "Reconciliation of Non-GAAP Financial Measures" section of this report.

CONSOLIDATED RESULTS

Revenues. Consolidated revenues increased by $27 million or 4% to $689 million for the three months ended February 28, 2005 from the consolidated revenues of $662 million for the same period in fiscal 2004. Revenues for the second quarter reflected solid increases in revenues from international media operations, a 2% increase in Canadian television revenues and a 1% increase in Canadian Publishing and Online revenues.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased $22 million or 4% to $540 million. This increase reflects expense increases in all operations.

Operating income before amortization. Consolidated operating income before amortization increased by 4% to $149 million for the three months ended February 28, 2005 from $143 million for the same period last year. The increase in operating income before amortization reflected significant increases for international media operations that were partially offset by a decrease in operating income from the Canadian media operations.

Amortization

Amortization of intangibles was $5 million in the second quarter of both fiscal 2005 and 2004. Amortization of property plant and equipment was $23 million in the second quarter of both fiscal 2005 and 2004.

Financing Costs

Interest expense was $61 million for the three months ended February 28, 2005 compared to $86 million in the previous year, reflecting a reduced level of debt as well as reduced interest rates achieved through our refinancing activities to date in fiscal 2005 and in fiscal 2004.

Interest Rate and Foreign Currency Swap Losses

For the three months ended February 28, 2005, we recorded a $23 million loss equivalent to the change in fair value of interest rate and foreign currency interest rate swaps on debt that has been retired. This compared to a loss of $17 million for the second quarter of fiscal 2004.

Foreign Exchange Gains

We recorded net foreign exchange gains of $14 million in the three months ended February 28, 2005. This reflects gains on repayment of US dollar denominated debt net of a $2 million loss that arose on the translation of a portion of our U.S. debt which is not hedged.

Investment loss

For the three months ended February 28, 2005, we recorded an investment loss of $2 million, compared to $3 million for the same period the previous year. The loss in 2005 was primarily related to a loss on disposition of non-core assets. The loss in 2004 was primarily due to a write down taken on other investments.

Income Taxes

Our income tax recovery was $1 million for the three months ended February 28, 2005, compared to $3 million in the same period of fiscal 2004. The negative effective tax rate of 3% was below the Company's statutory rate of 35% as a result of the impact of international tax rates which were lower than Canadian tax rates, a $3.7 million recovery related to the resolution of an uncertain tax position and a $7.0 million effect of recognizing temporary differences which were not previously tax effected. The $7.0 million temporary differences tax effected in the quarter related to earnings of periods prior to fiscal 2005. We have determined that these adjustments are not material to the reported results and accordingly, the amount has been included in current year's earnings. This adjustment has the effect of increasing basic and diluted earnings per share for the three months ended February 28, 2005, by $0.04 per share.

Minority Interests

For the three months ended February 28, 2005 we recorded minority interests charges related to the 30% minority interests in MediaWorks (NZ) and the 43.6% minority interests in TEN Group of $1 and $17 million, respectively. The minority interests charge related to TEN Group increased by 21% as compared to the $14 million charge for the same period in fiscal 2004 as a result of TEN Group's increased net earnings. There was no minority interests charge related to CanWest MediaWorks (NZ) for the second quarter of fiscal 2004 because it was wholly owned to July 2004.

Net Earnings from Continuing Operations
Our net earnings from continuing operations for the three months ended February 28, 2005 were $28 million, or $0.16 per share, compared to a net loss of $2 million, or ($0.01) per share, for the three months ended February 29, 2004.

Discontinued Operations
We are continuing our process to sell all of our Fireworks Entertainment production and distribution operations, resulting in the classification of these operating results as a loss from discontinued operations and its assets and liabilities as assets and liabilities of discontinued operations. These operations were previously classified in the Canadian Entertainment segment. Net loss from discontinued operations was $46,000 for the three months ended February 28, 2005 compared to a loss of $210 million for the same operations for the three months ended February 29, 2004.

Net Earnings
Our net earnings for the three months ended February 28, 2005 were $28 million or $0.16 per share compared to a net loss of $211 million or ($1.19) per share for the second quarter of fiscal 2004.

SEGMENTED RESULTS

Publishing and Online

- ***Revenue.*** Publishing and Online revenues for the second quarter of 2005 were $289 million compared to revenues of $286 million in same period the previous year. Advertising revenues increased by 2% for the second quarter reflecting increased rates as well as increased volumes. While circulation numbers declined by 3%, circulation revenue remained constant as a result of increased revenue per copy. Circulation comprised approximately 20% of total revenues for the newspaper group for the second quarter, a decline from 21% for the same period for the prior year.
- ***Operating expenses.*** Compared to the same period last year, operating expenses (including selling, general and administrative expenses) of our Publishing and Online operations increased by $5 million, or 2%, to $235 million from $230 million. This reflected normal salary escalations, the cost of management restructuring and increases in certain administrative costs. Newsprint, ink and outside printing expenditures were 6% less in the three months ended February 28, 2005 than in the same period the prior year, reflecting a decrease in our cost of newsprint as well as reduced consumption.
- ***Segment operating profit.*** As a result of increased revenues offset by increased operating costs, our Publishing and Online operations had a decrease of $2 million, or 3%, in segment operating profit to $55 million for the three months ended February 28, 2005 compared to $57 million for the same period last year.

Canadian Television

- ***Revenues.*** In total, revenues from our Canadian Television operating segment of $164 million were $3 million or 2% higher than the $161 million recorded in the same period in fiscal 2004. This reflected a 2% increase in advertising revenues as well as increases in subscription revenues from our specialty television operations.

  Our conventional television revenues for the second quarter were 2% above the prior year as a result of increased advertising sales. This represents a small but significant turnaround from the results of the prior year where revenues for the year were 7% lower than in fiscal 2003.

  Revenues from our digital specialty channels increased by 64% to $4 million in the second quarter of fiscal 2005 compared to the same period in fiscal 2004. This reflects increases in advertising and subscriber revenues as well as the effect of proportionately consolidating our 50% interest in Mystery, which was previously equity accounted. Our digital specialty channels achieved subscriber growth of 15% in the quarter, increasing subscriptions to 8.5 million subscribers.
- ***Operating expenses.*** Operating expenses (including selling, general and administrative expenses) of $138 million at Canadian Television operations were $7 million, or 5%, higher than in the same period the prior year primarily the result of increased programming expenses.
- ***Segment operating profit.*** Canadian television segment operating profit of $26 million for the second quarter of fiscal 2005 was less than the $30 million for the same period in fiscal 2004.

Australian Television

- ***Revenues.*** Segment revenues increased by 7% to $155 million for the three months ended February 28, 2005, from $144 million during the same period in the prior year. In local currency, revenues increased 12%, reflecting TEN's strong rating performance in the quarter in a continuing strong television advertising environment.
- ***Operating expenses.*** Segment operating expenses increased 2% to $96 million for the three months ended February 28, 2005 compared to $94 million for the same period in fiscal 2004, reflecting increased programming costs.
- ***Segment operating profit.*** Segment operating profit increased by 18% to $59 million for the second quarter of 2005, compared to $50 million in the same period in fiscal 2004.

New Zealand Television

- ***Revenues.*** Revenues from television broadcast operations for New Zealand's 3 and C4 television networks increased by 7% to $23 million for the second quarter of fiscal 2005 from $22 million for the same period in fiscal 2004 reflecting improved audience share in a strong advertising environment. There was a nominal change in the New Zealand currency when compared to the same fiscal period last year and as a result had no impact on the change in revenue when translated to Canadian dollars.

- ***Operating expenses.*** Operating expenses increased by 13% to $21 million for the second quarter of fiscal 2005 from $19 million, as a result of increased programming expenses, which includes costs related to the development and start up of a new weeknight current affairs program – *Campbell Live* – and the re-launch of *3 News*.

- ***Segment operating profit.*** New Zealand 3 and C4 produced segment operating profit of $2 million, a $1 million or 31% decrease from the results recorded in the second quarter of 2004.

Irish Television

Our 45% share of revenues at TV3 in the Republic of Ireland increased by 9% to $8 million in the second quarter of fiscal 2005 compared to the second quarter of fiscal 2004. Our share of TV3's segment operating profit increased by 6% to $2 million as compared to the same period in fiscal 2004.

New Zealand Radio

CanWest RadioWorks continued its steady performance, increasing revenues and segment operating profit for the three months ended February 28, 2005. Revenue grew by 6% to $24 million from $23 million during the second quarter of the previous year. Segment operating profit grew by 2% to $8 million for the three months ended February 28, 2005 as compared to the same period the previous year.

Outdoor Advertising

Segment revenues increased by $7 million, or 38%, to $25 million for the three months ended February 28, 2005 from $18 million for the second quarter in fiscal 2004. This increase reflected 44% growth in revenue in local currency. Our segment operating profit from TEN Group's Outdoor Advertising operations increased by $3 million to $5 million as compared to the second quarter in fiscal 2004. The increase in revenue and segment operating profit is partially related to Eye Corp.'s acquisition of the remaining 50% of Eye Shop, which was completed in the first quarter.

RESULTS OF OPERATIONS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2005

The following is a table of segmented results for the six months ended February 28, 2005 and February 29, 2004. See note 13 to our interim consolidated financial statements:

	Revenue		Segment operating profit	
	2005 $000	**2004 $000** Revised[1]	**2005 $000**	**2004 $000**
Operating Segments				
Publishing and Online – Canada	615,226	601,403	140,300	139,726
Television				
Canada	363,999	352,229	81,163	86,128
Australia – Network TEN	401,424	357,066	178,965	142,137
New Zealand	58,855	51,944	16,796	12,913
Ireland	19,782	17,619	7,254	5,886
Total television	844,060	778,858	284,178	247,064
Radio – New Zealand	48,175	44,466	15,995	15,017
Outdoor-Australia	53,822	37,742	12,697	6,624
Corporate and other	-	-	(14,869)	(14,537)
Total	1,561,283	1,462,469	438,301	393,894

[1] See note 1 to our interim consolidated financial statements.

CONSOLIDATED RESULTS

Revenues. Consolidated revenues increased by $99 million or 7% to $1,561 million for the six months ended February 28, 2005 from the consolidated revenues of $1,462 million for the same period in fiscal 2004. Revenues for the six months reflected solid increases in revenues from international media operations, a 3% increase in Canadian television revenues and a 2% increase in Canadian Publishing and Online revenues.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased $54 million or 5% to $1,123 million. This increase reflects expense increases in all operations.

Operating income before amortization. Consolidated operating income before amortization increased by 11% to $438 million for the six months ended February 28, 2005 from $394 million for the same period last year. The increase in operating income before amortization reflected significant increases for international media operations.

Amortization

Amortization of intangibles increased to $10 million in the first six months of fiscal 2005 from $9 million in the first six months of fiscal 2004. Amortization of property and equipment decreased to $45 million from $46 million for the first six months of fiscal 2005 compared to the first six months of fiscal 2004.

Financing Costs

Interest expense was $134 million for the six months ended February 28, 2005 compared to $174 million in the previous year, reflecting a reduced level of debt as well as reduced interest rates achieved through our refinancing activities to date in fiscal 2005 and in fiscal 2004.

Interest Rate and Foreign Currency Swap Losses

For the six months ended February 28, 2005, we recorded a $67 million loss equivalent to the change in fair value of interest rate and foreign currency interest rate swaps on debt that has been retired. This compared to a loss of $16 million for the six months of fiscal 2004.

Foreign Exchange Gains

We recorded net foreign exchange gains of $24 million in the six months ended February 28, 2005 compared to $5 million for the same period in fiscal 2004. $3 million of this gain arose on the translation of a portion of our US debt which is not hedged. The balance primarily represents gains on settlement of US dollar denominated debt.

Investment Loss

For the six months ended February 28, 2005, we recorded an investment loss of $54,000, compared to an investment loss of $3 million for the same period the previous year. This reflects dilution gains on the exercise of stock options at TEN Group offset by losses on disposal of non-core assets. The loss in 2004 was primarily related to a write down on other investments.

Loss on debt extinguishment
During the first quarter, we completed an exchange offer and concurrent debt offering through which we settled our $904 million 12 1/8% Fixed Rate Subordinated Debentures due 2010 by issuance of $908 million (US$761 million) of 8% Senior Subordinated Notes due 2012. The fair value of the new debt on its settlement date was determined to be $944 million. The excess of fair value of the new debt over the book value of the old debt together with certain costs of settling the debt has been charged to earnings for the six months ended February 28, 2005 as a loss on debt extinguishment of $44 million. This refinancing is expected to reduce cash interest expense by approximately $40 million per year.

Income Taxes
Our income tax expense was $36 million for the six months ended February 28, 2005, compared to $28 million in the same period of fiscal 2004. The effective tax rate of 23% was below the Company's statutory rate of 35% as a result of the impact of international tax rates which were lower than Canadian tax rates, a $5.0 million recovery related to the resolution of an uncertain tax position and a $7.0 million effect of recognizing temporary differences which were not previously tax effected. The $7.0 million temporary differences tax effected in the quarter related to earnings of periods prior to fiscal 2005. We have determined that these adjustments are not material to the reported results and accordingly, the amount has been included in current year's earnings. This adjustment has the effect of increasing basic and diluted earnings per share for the six months ended February 28, 2005, by $0.04 per share.

Minority Interests
For the six months ended February 28, 2005 we recorded minority interests charges related to the 30% minority interests in MediaWorks (NZ) and the 43.6% minority interests in TEN Group of $51 and $5 million, respectively. The minority interests charge related to TEN Group increased by 11% as compared to the $46 million charge for the same period in fiscal 2004 as a result of TEN Group's increased net earnings. There was no minority interests charge related to CanWest MediaWorks (NZ) for the same period of fiscal 2004 because it was wholly owned to July 2004.

Net Earnings from Continuing Operations
Our net earnings from continuing operations for the six months ended February 28, 2005 were $64 million, or $0.36 per share, compared to net earnings of $82 million, or $0.46 per share, for the six months ended February 29, 2004.

Discontinued Operations
We are continuing our process to sell all of our Fireworks Entertainment production and distribution operations, resulting in the classification of these operating results as a loss from discontinued operations and its assets and liabilities as assets and liabilities of discontinued operations. These operations were previously classified in the Canadian Entertainment segment. Net loss from discontinued operations was $77,000 for the six months ended February 28, 2005 compared to a loss of $212 million for the same operations for the six months ended February 29, 2004.

Net Earnings
Our net earnings for the six months ended February 28, 2005 were $64 million or $0.36 per share compared to a net loss of $130 million or ($0.73) per share for the same period in fiscal 2004.

SEGMENTED RESULTS

Publishing and Online

- ***Revenue.*** Publishing and Online revenues for the six months were $615 million compared to revenues of $601 million in same period the previous year, an increase of 2%. Advertising revenues increased by 3% for the six months reflecting increased rates as well as increased volumes. While circulation numbers declined by 4%, circulation revenue remained constant as a result of increased revenue per copy. Circulation comprised approximately 20% of total revenues for the newspaper group for the first six months, a decline from 21% for the same period for the prior year.

- ***Operating expenses.*** Compared to the same period last year, operating expenses (including selling, general and administrative expenses) of our Publishing and Online operations increased by $13 million, or 3%, to $475 million from $462 million. This reflected normal salary escalations, the cost of management restructuring and increases in certain administrative costs. Newsprint ink and outside printing expenditures were 4% less in the six months ended February 28, 2005 than in the same period the prior year, reflecting a decrease in our cost of newsprint as well as reduced consumption.

- ***Segment operating profit.*** As a result of increased revenues and operating expenses, our Publishing and Online operating income remained constant for the six months ended February 28, 2005 compared to the same period last year.

Canadian Television

- ***Revenues.*** In total, revenues from our Canadian Television operating segment of $364 million were $12 million or 3% higher than the $352 million recorded in the same period in fiscal 2004. This reflected a 3% increase in advertising revenues as well as increases in subscription revenues from our specialty television operations.

  Our conventional television revenues for the first six months were 3% above the prior year as a result of increased advertising sales. This represents a small but significant turnaround from the results of the prior year where revenues for the year were 9% lower than in fiscal 2003.

  Revenues from our digital specialty channels increased by 54% to $7 million in the six months compared to the same period in fiscal 2004. This reflects increases in advertising and subscriber revenues as well as the effect of proportionately consolidating our 50% interest in Mystery, which was previously equity accounted. Our digital specialty channels achieved subscriber growth of 14% for the six months, increasing total subscriptions to 8.5 million subscribers as at February 28, 2005.

- ***Operating expenses.*** Operating expenses (including selling, general and administrative expenses) of $283 million at Canadian Television operations were $17 million, or 6%, higher than in the same period the prior year primarily the result of increased programming expenses and costs associated with our management restructuring.

- ***Segment operating profit.*** Canadian television segment operating profit of $81 million for the six months was 6% less than the $86 million for the same period in fiscal 2004.

Australian Television

- ***Revenues.*** Segment revenues increased by 12% to $401 million for the six months ended February 28, 2005, from $357 million during the same period in the prior year. In local currency, revenues increased 15%, reflecting TEN's strong rating performance in a continuing strong television advertising environment.

- ***Operating expenses.*** Segment operating expenses increased 4% to $222 million for the six months ended February 28, 2005 compared to $215 million for the same period in fiscal 2004, reflecting increased programming costs.

- ***Segment operating profit.*** Segment operating profit increased by 26% to $179 million for the six months, compared to $142 million in the same period in fiscal 2004.

New Zealand Television

- ***Revenues.*** Revenues from television broadcast operations for New Zealand's 3 and C4 television networks increased by 13% to $59 million for the six months from $52 million for the same period in fiscal 2004. In local currency, revenues increased by 11%, reflecting improved audience share in a strong advertising environment. The strong New Zealand currency contributed an additional 2% on translation to Canadian dollars.

- ***Operating expenses.*** Operating expenses increased by 8% to $42 million, as a result of the 2% increase on translation of New Zealand dollars to Canadian dollars as well as increased programming expenses, which includes costs related to the development and start up of a new weeknight current affairs program – *Campbell Live* – and the re-launch of *3 News.*

- ***Segment operating profit.*** New Zealand 3 and C4 produced segment operating profit of $17 million, a $4 million or 30% increase from the results recorded in the same period in fiscal 2004.

Irish Television

Our 45% share of revenues at TV3 in the Republic of Ireland increased by 12% to $20 million in the compared to the same period in fiscal 2004. Our share of TV3's segment operating profit increased by $1 million to $7 million as compared to the same period in fiscal 2004.

New Zealand Radio

CanWest RadioWorks continued its steady performance, increasing revenues and segment operating profit for the six months ended February 28, 2005. Revenue grew by 8% to $48 million from $44 million during the six months of the previous year, reflecting a 6% increase in revenue in local currency and an additional 2% increase as a result of currency translation. Segment operating profit grew by 7% to $16 million for the six months ended February 28, 2005 from $15 million for the same period the previous year.

Outdoor Advertising

Segment revenues increased by $16 million, or 43%, to $54 million for the six months ended February 28, 2005 from $38 million for the same period in fiscal 2004. This increase reflected 46% growth in revenue in local currency. Our segment operating profit from TEN's Outdoor Advertising operations increased by $6 million to $13 million as compared to the same period in fiscal 2004. The increase in revenue and segment operating profit is partially related to Eye Corp.'s acquisition of the remaining 50% of Eye Shop, which was completed in the first quarter.

RESTATED QUARTERLY FINANCIAL RESULTS

As a result of the adoption of AcG-15 effective September 1, 2004 we have consolidated the results of TEN Group on a retroactive basis. As a result, we have restated our quarterly financial results for the year ended August 31, 2004 as follows:

	For the three months ended				
	November 30, 2003 $000	**February 29, 2004 $000**	**May 31, 2004 $000**	**August 31, 2004 $000**	**Total $000**
Revenue	800,604	661,865	783,941	664,990	2,911,400
Operating expenses	386,324	357,881	413,285	380,976	1,538,466
Selling, general and administrative expenses	163,881	160,489	168,289	160,732	653,391
Restructuring expenses	-	-	-	2,445	2,445
Operating income before amortization	250,399	143,495	202,367	120,837	717,098
Amortization of intangibles	4,538	4,550	4,552	4,542	18,182
Amortization of property, plant, equipment and other	23,877	24,210	25,369	20,646	94,102
Operating income	221,984	114,735	172,446	95,649	604,814
Interest expense	(87,281)	(86,221)	(85,341)	(79,685)	(338,528)
Interest income	4,700	1,251	291	2,899	9,141
Amortization of deferred financing costs	(2,118)	(1,899)	(2,043)	(2,081)	(8,141)
Interest rate and foreign currency swap gains (losses)	1,320	(17,423)	7,004	(101,759)	(110,858)
Foreign exchange gains	4,690	436	(1,360)	41,207	44,973
Investment gains and losses net of write-down	249	(3,063)	354	113,746	111,286
Dividend income	1,415	-	2,323	-	3,738
	144,959	7,816	93,674	69,976	316,425
Provision for (recovery of) income taxes	30,450	(2,554)	19,290	(9,701)	37,485
Earnings before the following	114,509	10,370	74,384	79,677	278,940
Minority interest	(31,254)	(14,345)	(16,691)	(18,057)	(80,347)
Interest in earnings (loss) of equity accounted affiliates	(163)	(186)	(207)	3,285	2,729
Realized currency translation adjustments	500	2,626	(5,011)	(5,138)	(7,023)
Net earnings (loss) from continuing operations	83,592	(1,535)	52,475	59,767	194,299
Earnings (loss) from discontinued operations	(2,096)	(209,742)	1,862	2,199	(207,777)
Net earnings (loss) for the period	81,496	(211,277)	54,337	61,966	(13,478)
Earnings (loss) per share from continuing operations:					
Basic	$0.47	($0.01)	$0.30	$0.34	$1.10
Diluted	$0.47	($0.01)	$0.30	$0.34	$1.10
Earnings (loss) per share:					
Basic	$0.46	($1.19)	$0.31	$0.35	($0.08)
Diluted	$0.46	($1.19)	$0.31	$0.35	($0.08)

RESTATED QUARTERLY OPERATING SEGMENT RESULTS

	For the three months ended				
	November 30, 2003 $000	February 29, 2004 $000	May 31, 2004 $000	August 31, 2004 $000	Total $000
Revenue					
Publishing and Online-Canada	315,101	286,302	311,419	280,807	1,193,629
Television					
Canada	191,252	160,977	207,483	130,590	690,302
Australia – Network TEN	212,960	144,106	188,766	175,415	721,247
New Zealand	30,381	21,563	26,610	29,682	108,236
Ireland	9,860	7,759	9,423	7,110	34,152
Total Television	444,453	334,405	432,282	342,797	1,553,937
Radio – New Zealand	21,358	23,108	20,833	21,418	86,717
Outdoor – Australia	19,692	18,050	19,407	19,968	77,117
Total	800,604	661,865	783,941	664,990	2,911,400
Segment Operating Profit					
Publishing and Online-Canada	83,153	56,573	74,269	53,348	267,343
Television					
Canada	56,170	29,958	61,322	(20)	147,430
Australia - Network TEN	92,350	49,787	55,491	58,405	256,033
New Zealand	9,861	3,052	4,748	5,630	23,291
Ireland	3,724	2,162	2,993	1,712	10,591
Total Television	162,105	84,959	124,554	65,727	437,345
Radio – New Zealand	7,087	7,930	5,927	6,544	27,488
Outdoor – Australia	4,367	2,257	3,737	4,116	14,477
Corporate and other	(6,313)	(8,224)	(6,120)	(6,453)	(27,110)
	250,399	143,495	202,367	123,282	719,543
Restructuring expenses	-	-	-	(2,445)	(2,445)
Total	250,399	143,495	202,367	120,837	717,098

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal uses of funds are for capital expenditures and repayment of debt. We have historically met these requirements by using cash generated from operating activities and through short term and long term debt. We believe these sources of funds, together with our cash on hand, will continue to be adequate to meet our currently anticipated capital requirements.

We also review acquisition and investment opportunities in the course of our business and will, if a suitable opportunity arises and is permitted by the terms of our debt instruments, make selected acquisitions and investments to implement our business strategy. We expect that the funding for any such acquisitions or investments would come from working capital, borrowing under our credit facility or future credit facilities, additional equity and debt financing, entering into joint ventures or a combination of these methods. Similarly, from time to time, we review opportunities to dispose of non-core assets, and may, if a suitable opportunity arises, sell certain non-core assets.

For the remainder of 2005, our major non-operating cash requirements include expected capital expenditures of approximately $48 million, swap recouponing payments as discussed below in swap transactions, and repayment of $5 million in principal payments on long term debt due in the remainder of fiscal 2005. We expect to meet our cash needs for fiscal 2005 primarily through a combination of operating cash flow and cash on hand.

Sources of Funds

Our principal sources of liquidity are cash and cash equivalents on hand and cash flows from operating activities. At February 28, 2005, we had cash on hand of $121 million. We generated cash flows from operating activities of continuing operations of $175 million and $194 million for the three and six months ended February 28, 2005, respectively. In late December 2004, we received approximately $99 million in distributions from TEN Group. In addition we expect to receive additional distributions from TEN Group in July 2005.

In addition to the above sources of liquidity, we had unused borrowing capacity under our revolving credit facility of $301 million at February 28, 2005.

Uses of Funds

Capital Expenditures

For the three and six months ended February 28, 2005 our capital expenditures were $21 million and $39 million respectively. In the remainder of fiscal 2005, we expect to make additional capital expenditures of approximately $48 million. This amount includes a $10 million investment in a new broadcast traffic and sales management system, $10 million for a new classified system to support our Canadian publishing operations, and approximately $9 million to support the growth of our online operations as well as expenditures for regular replacement.

Swap transactions

Under our credit facility, we are required to maintain the fair value of our foreign currency and interest rate swaps above a prescribed minimum liability of $600 million. In addition, there are prescribed minimums with individual counterparties. Under these agreements, which have two-way recouponing provisions, we were required to make recouponing payments of $137 million of which we recovered $40 million. $15 million of the recovery related to overhanging swaps for the three months ended February 28, 2005 and $34 million of the recouponing payments related to the overhanging swap for the six months ended February 28, 2005, and accordingly was reflected in cash flows from operating activities. Further strengthening of the Canadian currency and/or declining interest rates may result in further prepayment requirements.

Debt

General

At February 28, 2005, we had total outstanding consolidated debt of $3,292 million, including TEN Group debt of $408 million compared to debt of $3,234 million as at August 31, 2004. During the six months, we drew $55 million on our revolver primarily to finance the swap recouponing of payments and we recorded an additional $40 million in debt related to the refinancing of our 12 1/8% Junior Subordinated Notes as described below. For additional information concerning our indebtedness see note 9 to our audited consolidated financial statements for the year ended August 31, 2004 and note 5 to our interim consolidated financial statements for the six months ended February 28, 2005.

Credit Facility

Total credit available under the CanWest Media senior secured credit facility was $1,101 million as of February 28, 2005, of which we had drawn $743 million. The facility includes revolving and non-revolving tranches with terms ranging from two and a half to five years. The credit facility is collateralized by substantially all of our assets.

Total leverage as calculated under the CanWest Media credit facility was 5.40 times cash flow for debt covenant purposes for the twelve months ended February 28, 2005, compared to a covenant of 6.0 times. The total debt covenant will remain at 6.0 times until it decreases to 5.75 times for May 31, 2006 and 5.50 times for February 28, 2007.

The provisions of our senior secured credit facility require that, for fiscal years in which the credit rating for the credit facility is below a prescribed level, we must make a prepayment of our credit facility equal to 50% of our free cash flow, as defined under the facility, for such fiscal year subject to certain limitations. In fiscal 2004 we made a voluntary prepayment, the result of which we were not required to make a prepayment under this provision in respect of fiscal 2004.

Refinancing of Junior Subordinated Notes

In November 2004, we successfully completed the refinancing of our 12 1/8% Fixed Rate Subordinated notes. These notes were issued to Hollinger as consideration for the purchase of our publishing operations in November 2000. Interest obligations under these notes to November 2005 were payable via the issuance of additional notes. The $904 million (including accrued interest to November 18, 2004) 12 1/8% notes due November 2000 were effectively settled through the issuance of $908 million (US$761 million) in senior subordinated notes due 2012. The issuance of the new notes was recorded at their fair value at November 18, 2004 of $944 million. The premium recorded over the fair value of the notes will be amortized to income over the life of the notes resulting in reduced cash interest expense. This refinancing is expected to result in reduced cash interest expense of approximately $40 million per year. The new notes carry an interest rate coupon of 8%, which will be settled in cash on a semi-annual basis. We entered into cross currency interest rate swaps related to the new notes to pay floating rates which are currently approximately 7% on C$908 million.

FINANCIAL INSTRUMENTS

Our primary market risk exposures are interest rate and foreign exchange rate risk. We are exposed to interest rate risk and foreign exchange rate fluctuations resulting from the issuance of floating rate debt and debt denominated in U.S. dollars.

In addition to monitoring the ratio of fixed rate debt to total long term debt, we use interest rate swaps to manage the proportion of total debt that is subject to variable rates. Cross currency swaps are used to hedge both the interest rate and the currency exposure on debt originally issued in U.S. dollars. We do not enter into any derivatives for trading purposes.

We have fully hedged the currency exposure on our U.S. dollar denominated debt with the exception of senior subordinated notes in the amount of US$42 million, and have fixed the interest rate of 100% of our floating rate debt by entering into a combination of cross currency swaps and interest rate swaps.

As of February 28, 2005, we have entered into interest rate swap contracts to pay fixed rates of interest (at an average rate of 6.5%) and receive floating rates of interest (at an average rate of 2.6%) on a notional amount of $498 million. We have entered into pay fixed receive floating cross currency swap contracts at an average rate of 6.7% on a notional amount of $1,056 million and receive floating rates of 5.0% on a notional amount of US$682 million. We have also entered into pay floating receive fixed cross currency swap contracts at an average floating rate of 7.0% on a notional amount of $1,861 million and an average fixed rate of 8.8% on a notional amount of US$1,386 million.

Based on the current swap contracts outstanding and the current level of variable rate debt, we estimate that a 1% increase in floating interest rates will increase annual interest expense by $10.7 million. This estimate is based on the assumption of a constant variable rate debt and swap level and an immediate rate increase with no subsequent rate changes in the remaining term to maturity.

The fair value of the swap contracts represents an estimate of the amount that we would receive or pay if the contracts were closed out at a market price on the balance sheet date. As of February 28, 2005, our outstanding swap contracts were in a net unrealized loss position of $437 million, including $57 million related to the TEN Group.

Unrealized gains related to foreign exchange on U.S. dollar denominated debt amounted to $339 million as at February 28, 2005.

As of February 28, 2005, assuming all other variables are held constant, a 10 basis point parallel upward shift in the Canadian and U.S. fixed yield would result in a $4.5 million deterioration in the mark to market value of all swaps. A $0.001 change in the value of the Canadian dollar against the U.S. dollar, assuming all other variables are held constant, would result in a $2.5 million change in the mark to market value of the cross currency swaps.

We are also exposed to foreign exchange and interest rate risk as a result of debt and related swaps issued by CanWest MediaWorks (NZ), TV3 Ireland and TEN Group. As at February 28, 2005, our share of TV3 Ireland debt was $16.8 million (€10.3million). €10 million of this debt was swapped to a fixed rate (at an average rate of 3.23%) and the remainder of the debt bears interest at a floating rate. As at February 28, 2005, CanWest MediaWorks (NZ) had $165.5 million (NZ$184.5million) of debt. NZ$180 million of this debt was swapped to a fixed rate (at an average rate of 6.48% until 2006), and the remainder of the debt bears interest at a floating rate.

As at February 28,2005, TEN Group had long term debt of $408.4 million (A$417.9 million). TEN Group has entered into pay floating receive fixed cross currency swap contracts at an average floating rate of 6.7% on a notional amount of A$210.1 million and receive fixed rates on a notional amount of US$125 million. TEN Group has also entered into interest rate swap contracts to pay fixed rates of interest (at an average rate of 5.72%) on a notional amount of A$250.0 million. Based on current swap contracts outstanding, the current level of variable rate debt and consistent foreign exchange rates, we estimated that a 1% increase in floating interest rates will increase annual interest expense by approximately $1.7 million. This estimate is based on the assumption of a constant variable rate debt and swap level and an immediate rate increase with no subsequent rate changes in the remaining term to maturity.

In addition to foreign exchange rate risk on foreign currency denominated debt, we are also exposed to some currency risk as a result of having investments and carrying on business in currencies other than the Canadian dollar. All of our foreign operations are self-sustaining, and therefore foreign exchange gains and losses are deferred as a separate component of shareholders' equity. We translate the earnings of equity accounted subsidiaries and affiliates at the average rate of translation of the relevant period. We recognize deferred translation gains and losses as appropriate upon dispositions and/or distributions from such operations. Our primary currency exposures are to variations in the Australian and New Zealand currencies relative to the Canadian dollar as a result of our investment in Network TEN and our New Zealand television and radio operations.

INDUSTRY RISKS AND UNCERTAINTIES

The Company's risks and uncertainties have not materially changed from those described in the Company's annual filings.

RELATED PARTY TRANSACTIONS

Senior subordinated notes held by CanWest Communications Corporation, our parent company, totaled $51.7 million (US$41.9 million) at February 28, 2005 (As at August 31, 2004 - $55.0 million- US$41.9 million). This debt, issued in May 2001, matures May 15, 2011 and bears interest at 10.625%. Interest expense related to this debt totaled $1.5 million and $3.0 million for the three and six months ended February 28, 2005 (2004 – three months - $1.6 million, six months - $3.2 million).

A company in which an affiliate of CanWest Communications Corporation holds a 50% interest, owns the CanWest Global Place in Winnipeg, Manitoba, a building in which the Company is a tenant. Rent paid to this company for the three and six months ended February 28, 2005 amounted to $0.25 million and $0.5 million, respectively (2004 - three months $0.25 million, six months $0.5 million).

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Following is a reconciliation of operating income before amortization, a non-GAAP measure, to net earnings, its most closely comparable GAAP measure.

	For the three months ended		For the six months ended	
	February 28, 2005 $000	**February 29, 2004 $000**	**February 28, 2005 $000**	**February 29, 2004 $000**
Net earnings (loss)	28,196	(211,277)	63,611	(129,781)
Amortization	29,601	28,760	57,399	57,175
Interest and other financing expenses	86,854	105,543	206,861	193,622
Investment gains, losses and interest and dividend income	850	1,812	(1,431)	(4,552)
Foreign exchange gains	(13,947)	(436)	(24,443)	(5,126)
Loss on debt extinguishment	-	-	43,992	-
Provision for (recovery of) income tax expense	(1,124)	(2,554)	36,059	27,896
Interest in earnings of equity accounted affiliates and other	(596)	186	(1,047)	349
Minority interests	17,968	14,345	56,375	45,599
Realized currency translation adjustments	848	(2,626)	848	(3,126)
Loss from discontinued operations	46	209,742	77	211,838
Operating income before amortization	148,696	143,495	438,301	393,894

OTHER
Share Data
As at April 7, 2005 we had the following number of shares outstanding:

Multiple voting shares	76,785,976
Subordinate voting shares	98,883,669
Non-voting shares	1,664,233

Our AIF is filed on SEDAR at www.sedar.com.

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April 7, 2005

To the Audit Committee of CanWest Global Communications Corp.

In accordance with our engagement letter dated March 22, 2005, we have reviewed the accompanying interim consolidated balance sheet of **CanWest Global Communications Corp.** (the "Company") as at February 28, 2005 and the related interim consolidated statements of earnings, retained earnings and cash flows for the three and six months 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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(UNAUDITED)
(In thousands of Canadian dollars except as otherwise noted)

	For the three months ended		For the six months ended	
	February 28, 2005	**February 29, 2004** Revised (note 1)	**February 28, 2005**	**February 29, 2004** Revised (note 1)
Revenue	688,653	661,865	1,561,283	1,462,469
Operating expenses	368,242	357,881	778,166	744,205
Selling, general and administrative expenses	171,715	160,489	344,816	324,370
	148,696	143,495	438,301	393,894
Amortization of intangibles	4,958	4,550	9,897	9,088
Amortization of property, plant and equipment	23,325	23,126	45,005	45,698
Other amortization	1,318	1,084	2,497	2,389
Operating income	119,095	114,735	380,902	336,719
Interest expense	(61,126)	(86,221)	(134,334)	(173,502)
Interest income	839	1,251	1,485	5,951
Amortization of deferred financing costs	(3,120)	(1,899)	(5,321)	(4,017)
Interest rate and foreign currency swap losses	(22,608)	(17,423)	(67,206)	(16,103)
Foreign exchange gains	13,947	436	24,443	5,126
Investment gains, losses and write-downs (note 6)	(1,689)	(3,063)	(54)	(2,814)
Loss on debt extinguishment (note 5)	-	-	(43,992)	-
Dividend income	-	-	-	1,415
	45,338	7,816	155,923	152,775
Provision for (recovery of) income taxes (note 4)	(1,124)	(2,554)	36,059	27,896
Earnings before the following	46,462	10,370	119,864	124,879
Minority interests	(17,968)	(14,345)	(56,375)	(45,599)
Interest in earnings (loss) of equity accounted affiliates	596	(186)	1,047	(349)
Realized currency translation adjustments	(848)	2,626	(848)	3,126
Net earnings (loss) from continuing operations	28,242	(1,535)	63,688	82,057
Loss from discontinued operations (note 7)	(46)	(209,742)	(77)	(211,838)
Net earnings (loss) for the period	28,196	(211,277)	63,611	(129,781)
Earnings (loss) per share from continuing operations:				
Basic	$0.16	($0.01)	$0.36	$0.46
Diluted	$0.16	($0.01)	$0.36	$0.46
Earnings (loss) per share:				
Basic	$0.16	($1.19)	$0.36	($0.73)
Diluted	$0.16	($1.19)	$0.36	($0.73)

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(UNAUDITED)
(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2005	**February 29, 2004** Revised (note 1)	**February 28, 2005**	**February 29, 2004** Revised (note 1)
Retained earnings - beginning of year, as revised	375,416	434,975	340,001	353,479
Net earnings (loss) for the period	28,196	(211,277)	63,611	(129,781)
Retained earnings - end of period	403,612	223,698	403,612	223,698

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 February 28, 2005	As at August 31, 2004 Revised (note 1)
ASSETS		
Current Assets		
Cash	121,017	97,271
Accounts receivable	500,287	488,418
Inventory	12,131	13,449
Investment in film and television programs	262,664	194,099
Future income taxes	6,795	6,166
Other assets	33,345	22,574
Assets of discontinued operations (note 7)	52,021	89,094
	988,260	911,071
Other investments	23,191	26,830
Investment in film and television programs	42,143	35,157
Property, plant and equipment	706,948	708,311
Future income taxes	-	5,580
Other assets	204,078	144,141
Intangible assets	1,188,399	1,182,145
Goodwill	2,484,142	2,465,248
Assets of discontinued operations (note 7)	28,127	38,376
	5,665,288	5,516,859
LIABILITIES		
Current Liabilities		
Accounts payable	129,470	158,461
Accrued liabilities (note 3)	263,308	240,502
Income taxes payable	31,004	27,419
Film and television program accounts payable	118,001	65,270
Deferred revenue	35,439	34,218
Future income taxes	6,072	6,072
Current portion of long term debt	26,261	33,204
Liabilities of discontinued operations (note 7)	28,573	69,716
	638,128	634,862
Long term debt and related foreign currency swap liability (note 5)	3,265,494	3,201,051
Interest rate and foreign currency swap liability	136,371	120,341
Other accrued liabilities	157,502	164,449
Future income taxes	119,431	139,280
Minority interests	95,607	77,456
	4,412,533	4,337,439
Contingencies (note 12)		
SHAREHOLDERS' EQUITY		
Capital stock	849,187	848,628
Contributed surplus	6,727	4,612
Retained earnings	403,612	340,001
Cumulative foreign currency translation adjustments	(6,771)	(13,821)
	1,252,755	1,179,420
	5,665,288	5,516,859

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		For the six months ended	
	February 28, 2005	**February 29, 2004** Revised (note 1)	**February 28, 2005**	**February 29, 2004** Revised (note 1)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings from continuing operations for the period	28,242	(1,535)	63,688	82,057
Items not affecting cash				
Amortization	32,721	30,659	62,720	61,192
Non-cash interest expense	2,915	23,172	26,523	46,534
Future income taxes	(3,980)	(13,098)	(17,366)	66
Realized currency translation adjustments	848	(2,626)	848	(3,126)
Interest rate and foreign currency swap losses net of settlements	16,869	17,423	17,322	16,103
Loss on debt extinguishment	-	-	43,992	-
Investment gains, losses, and write-downs	1,689	3,063	54	2,814
Amortization and write-down of film and television programs	2,326	1,199	5,310	1,199
Pension expense	3,186	2,670	5,967	4,495
Minority interests	17,968	14,345	56,375	45,599
Other	2,115	(4,970)	(2,447)	(4,373)
Investment in film and television programs	(923)	(4,098)	(4,178)	(14,077)
	103,976	66,204	258,808	238,483
Changes in non-cash operating accounts	71,337	48,557	(65,007)	(80,888)
Cash flows from operating activities of continuing operations	175,313	114,761	193,801	157,595
Cash flows from operating activities of discontinued operations	6,315	(8,899)	24,456	(10,226)
Cash flows from operating activities	181,628	105,862	218,257	147,369
INVESTING ACTIVITIES				
Other investments	209	(22)	292	(126)
Investment in broadcast licences	(1,543)	(5,813)	(1,543)	(5,813)
Acquisition	-	-	(12,493)	-
Proceeds from sales of other investments	-	168	2,171	168
Proceeds from sale of property, plant and equipment	2,983	7,426	3,383	7,426
Purchase of property, plant and equipment	(21,128)	(16,820)	(39,137)	(29,806)
	(19,479)	(15,061)	(47,327)	(28,151)
FINANCING ACTIVITIES				
Issuance of long term debt	9,828	291,785	245,415	291,785
Repayment of long term debt	(101,390)	(249,766)	(270,757)	(352,036)
Swap recouponing (payments) receipts	35,953	(16,774)	(62,549)	(27,957)
Issuance of share capital	553	1,762	559	1,789
Issuance of share capital of TEN Group	3,852	11,016	5,317	12,957
Payment of dividends to minority interests	(47,757)	(60,446)	(47,757)	(60,446)
Financing activities from discontinued operations	(5,764)	(16,571)	(18,354)	(27,360)
	(104,725)	(38,994)	(148,126)	(161,268)
Foreign exchange gain on cash denominated in foreign currencies	780	1,844	942	2,675
Net change in cash	58,204	53,651	23,746	(39,375)
Cash – beginning of period	62,813	46,177	97,271	139,203
Cash – end of period	121,017	99,828	121,017	99,828

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

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in broadcast television, publishing, radio, specialty cable channels, outdoor advertising, production and distribution of film and television programming and Internet websites in Canada, Australia, New Zealand and Ireland. The Company's operating segments include television and radio broadcasting, publishing and online operations and outdoor advertising. In Canada, the Television Broadcast segment includes the operation of the Global Television Network, Prime, various other conventional and specialty channels and Cool FM and The Beat radio stations. The Australian Television Broadcast segment includes the Company's interest in TEN Group Pty Limited ("TEN Group"), which owns and operates Australia's TEN Television Network ("Network TEN"). 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 New Zealand Television Broadcast segment includes CanWest MediaWorks NZ Limited's 3 and C4 Television Networks. The New Zealand Radio Broadcast segment includes CanWest MediaWorks NZ Limited's RadioWorks operation. The Irish Television Broadcast segment includes the Company's 45% interest in the Republic of Ireland's TV3 Television Network. The Australian Outdoor Advertising segment includes the Company's interest in EyeCorp, an outdoor advertising operation which is wholly owned by TEN Group. The Corporate and Other segment includes various investments in media operations.

The Company's broadcast customer base is comprised primarily of large advertising agencies, which place advertisements with the Company on behalf of their customers. Publishing and Online 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.

A summary of significant accounting policies followed in the preparation of these consolidated financial statements is as follows:

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 of 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 except as indicated below. These interim statements should be read in conjunction with the most recent annual financial statements of the Company. All amounts are expressed in Canadian dollars unless otherwise noted.

Changes in Accounting Policies

Reporting circulation revenue on a gross basis

During the year ended August 31, 2004, the Company retroactively adopted the provisions of the Emerging Issues Committee of the CICA, EIC – 123, "Reporting Revenue Gross as a Principal versus Net as an Agent" which was effective September 1, 2002. Accordingly, circulation revenues are reported on a gross basis. Previously the Company reported circulation revenue net of certain of its distribution contract costs. As a result of the adoption the Company has retroactively revised its results. The impact of the revision was to increase sales and operating expenses by $11.3 million and $22.9 million for the three and six months ended February 29, 2004 respectively. There was no impact on net earnings.

Consolidation of variable interest entities

Effective September 1, 2004, the Company has adopted the provisions of The Accounting Standards Board of the Institute of Chartered Accountants of Canada, AcG-15, *Consolidation of Variable Interest Entities.* The Company has determined that it is the primary beneficiary of TEN Group, a variable interest entity. Accordingly, as required by AcG-15 the Company has consolidated the results of TEN Group. AcG-15 has been adopted on a retroactive basis with restatement of prior periods. Previously, the Company accounted for its investment in TEN Group using the equity method. As at February 28, 2005, the Company holds a 56.4% economic interest in TEN Group (56.6% at August 31, 2004). The interest held by the 43.6% minority is classified in minority interests.

In addition, as a result of the adoption of AcG-15 the Company determined that an immaterial entity should not be consolidated in its results, and accordingly the results of the entity have been excluded from the consolidation on a retroactive basis. The effect of consolidating TEN Group and excluding the subsidiary from the consolidation on the consolidated balance sheets for the year ended August 31, 2004 is presented below.

Proposed accounting policies

The Accounting Standards Board of the Institute of Chartered Accountants of Canada has concurrently issued CICA 3855, *Financial Instruments - Recognition and Measurement*, CICA 3865, *Hedges*, and CICA 1530, *Comprehensive Income,* which must be applied by the Company for fiscal years beginning on or after October 1, 2006. CICA 3855 prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and the measurement of such amount. It also specifies how financial instrument gains and losses are to be presented. CICA 3865 is applicable for designated hedging relationships and builds on existing Canadian GAAP guidance by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. CICA 1530 introduces new standards for the presentation and disclosure of components of comprehensive income. Comprehensive income is defined as the change in net assets of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in net assets during a period except those resulting from investments by owners and distributions to owners. The Company is currently considering the impacts of the adoption of such standards.

In December 2004, The Financial Accounting Standards Board issued the Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share Based Payment*, which requires the Company to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). FAS 123 (Revised 2004) is applicable as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. The Company is currently considering the impact of the adoption of this standard.

CONSOLIDATED BALANCE SHEETS

The following is a reconciliation of the Company's consolidated balance sheets reflecting the impact of the adoption of AcG-15.

As at August 31, 2004	As previously reported	Effect of the adoption of AcG-15[1]	As revised
ASSETS			
Current Assets			
Cash	81,092	16,179	97,271
Accounts receivable	361,978	126,440	488,418
Distributions receivable from TEN Group	36,567	(36,567)	-
Inventory	13,449	-	13,449
Investment in film and television programs	71,601	122,498	194,099
Future income taxes	6,166	-	6,166
Other assets	18,853	3,721	22,574
Assets of discontinued operations	89,094	-	89,094
	678,800	232,271	911,071
Investment in TEN Group	39,929	(39,929)	-
Other investments	17,393	9,437	26,830
Investment in film and television programs	33,467	1,690	35,157
Property, plant and equipment	631,720	76,591	708,311
Future income taxes	-	5,580	5,580
Other assets	140,211	3,930	144,141
Intangible assets	928,787	253,358	1,182,145
Goodwill	2,373,442	91,806	2,465,248
Assets of discontinued operations	38,376	-	38,376
	4,882,125	634,734	5,516,859
LIABILITIES			
Current Liabilities			
Accounts payable	67,233	91,228	158,461
Accrued liabilities	199,143	41,359	240,502
Income taxes payable	17,697	9,722	27,419
Film and television program accounts payable	27,966	37,304	65,270
Deferred revenue	31,959	2,259	34,218
Future income taxes	6,072	-	6,072
Current portion of long term debt	31,712	1,492	33,204
Liabilities of discontinued operations	69,716	-	69,716
	451,498	183,364	634,862
Long term debt and related foreign currency swap liability	2,840,591	360,460	3,201,051
Interest rate and foreign currency swap liability	120,341	-	120,341
Other accrued liabilities	131,360	33,089	164,449
Future income taxes	140,460	(1,180)	139,280
Minority interests	16,142	61,314	77,456
	3,700,392	637,047	4,337,439
SHAREHOLDERS' EQUITY			
Capital stock	848,628	-	848,628
Contributed surplus	4,612	-	4,612
Retained earnings	342,314	(2,313)	340,001
Cumulative foreign currency translation adjustments	(13,821)	-	(13,821)
	1,181,733	(2,313)	1,179,420
	4,882,125	634,734	5,516,859

[1] The exclusion of the entity from the consolidation had the following effect on the consolidated balance sheet as at August 31, 2004: decreased cash by $444, decreased accounts receivable by $11, decreased other investments by $5,367, decreased other assets by $10, decreased accounts payable by $2,339, decreased future tax liability by $1,180 and decreased retained earnings by $2,313. The remainder of the effect was the result of consolidating TEN Group.

The following supplemental note disclosure relates to the effect that the consolidation of TEN Group has on certain balances as of and for the year ended August 31, 2004.

Investment in film and television program rights	As at August 31, 2004	
	Current	Long term
Broadcast rights	122,003	1,690
Other	495	-
	122,498	1,690

Property, plant and equipment	As at August 31, 2004		
	Cost	Accumulated Amortization	Net
Land	4,834	-	4,834
Buildings	9,065	(2,105)	6,960
Leasehold improvements	4,931	(935)	3,996
Plant and equipment	173,074	(114,057)	59,017
Plant and equipment under lease	6,351	(4,567)	1,784
	198,255	(121,664)	76,591

Intangible assets	As at August 31, 2004		
	Cost	Accumulated Amortization	Net
Finite Life:			
Site licences	27,485	2,445	25,040
Indefinite Life:			
Broadcast licences	228,318	-	228,318
	255,803	2,445	253,358

Site licences represent outdoor site leases. These licences are amortized on a straight line basis over the term of the leases (approximately 20 to 40 years).

Goodwill
As at August 31, 2004 goodwill of $54 million relates to the Australia – Outdoor advertising segment, and $38 million relates to the Australia Network TEN segment. There were no changes in the goodwill balances in the year ended August 31, 2004.

Long term debt	As at August 31, 2004
Unsecured Bank Loan[1]	163,048
Senior unsecured notes[2]	164,585
Other	3,169
	330,802
Effect of foreign currency swap	31,150
Total long term debt	361,952
Less portion due within one year	1,492
Long term portion	360,460

1 Credit facility provides for a maximum of $652 million (A$700 million) in advances. At August 31, 2004 the TEN group had drawn A$175 million against this facility leaving an availability of A$525 million. This facility matures in December 2008. The TEN Group entered into interest rate swap contracts with a notional amount of A$250 million to fix the interest on this facility and subsequent facilities with maturities to 2011. The effective interest rate of this debt is approximately 5.7%.

2 The US$125 million unsecured notes mature in March 2013. The TEN Group has entered into a US$125 million cross currency interest rate swap resulting in floating rates and a fixed currency exchange rate of US$1:A$1.6807. The effective interest rate of this debt is approximately 6.4%.

Commitments

As at August 31, 2004 the TEN Group had the following commitments:

Year ended August 31	2005	2006	2007	2008	2009	thereafter
Capital expenditures	2,735	464	-	-	-	-
Program expenditures	57,773	28,391	40,205	16,528	6,947	-
Leases	35,254	28,649	22,341	15,174	7,042	39,108
Total	95,762	57,504	62,546	31,702	13,989	39,108

2. **ACQUISITIONS**

   In September 2004, TEN Group acquired the remaining 50% interest in Eye Shop not already owned for cash consideration of $12.5 million (A$13.4 million). The company's principal activity is the sale of advertising space in shopping centres. A summary of the fair value of assets acquired follows:

Current assets	4,059
Property, plant and equipment	5,071
Goodwill	8,152
Total assets	17,282
Current liabilities	1,223
Total liabilities	1,223
	16,059

Consideration:	
Cash	12,493
Carrying value of Eye Shop at date of acquisition	3,566
	16,059

This purchase equation is preliminary and may be adjusted.

3. **RESTRUCTURING ACCRUALS**

   For the period ended February 28, 2005, expenditures charged to the restructuring accruals were $2.6 million. The balance of the restructuring accruals is expected to be substantially disbursed by August 31, 2005.

	Severance	Lease/contract termination	Integration	Other	Total
Balance August 31, 2004	5,018	159	250	999	6,426
Expenditures	(2,458)	(99)	-	-	(2,557)
Balance February 28, 2005	2,560	60	250	999	3,869

4. INCOME TAXES

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Canadian statutory rate as follows:

	For the three months ended		For the six months ended	
	February 28, 2005	**February 29, 2004** Revised (note 1)	**February 28, 2005**	**February 29, 2004** Revised (note 1)
Income taxes at combined Canadian statutory rate of 35.20% (2004 - 35.59%)	15,959	2,782	54,885	54,373
Non-taxable portion of capital (gains) and losses	241	-	1,600	-
Effect of valuation allowance on future tax assets	243	4,013	1,527	4,013
Effect of foreign income tax rates differing from Canadian income tax rates	(3,243)	(8,390)	(11,457)	(23,924)
Tax costs of exchange note offer	(80)	-	5,697	-
Change in expected future tax rates	(164)	-	(4,338)	-
Large corporations tax	491	800	1,440	1,600
Effect of change in tax rates	-	-	-	4,246
Effect of resolved uncertain tax positions and tax disputes	(4,899)	-	(4,899)	(7,000)
Non-deductible expenses and withholding taxes	629	1,081	1,338	3,589
Prior period temporary differences not previously tax effected	(6,989)[1]	-	(6,989)[1]	-
Utilization of loss carry forwards not previously tax effected	-	(1,797)	-	(7,386)
Other	(3,312)	(1,043)	(2,745)	(1,615)
Provision for (recovery of) income taxes	(1,124)	(2,554)	36,059	27,896

[1] The provision for income taxes for the three and six months ended February 28, 2005, includes adjustments for prior period temporary differences not previously tax effected aggregating to $7.0 million ($6.2 million future income tax, and $0.8 million current income tax). The Company has determined these adjustments are not material to the reported results, accordingly, the adjustments have been included in the current year's earnings. This adjustment has the effect of increasing basic and diluted earnings per share for the quarter and six months ended February 28, 2005, by $0.04 per share.

5. LONG TERM DEBT

On November 18, 2004, the Company completed an exchange offer to exchange a new series of 8% Senior Subordinated notes due 2012 for the outstanding 12 1/8% Senior notes due 2010 issued by the Hollinger Participation Trust. In the exchange offer, the holders of the trust notes received US$1,240 principal amount of new notes in exchange for each US$1,000 of trust notes. In addition, the Company completed a concurrent offer of notes, proceeds of which were used to retire the 12 1/8% junior subordinated notes held by Hollinger, which had not been participated to the Hollinger Participation Trust. The effect of these transactions replaced the Company's existing $903.6 million 12 1/8% junior subordinated notes (including accrued interest to November 18, 2004) with new $908.1 million (US$761.1 million) 8% senior subordinated notes. Also on November 18, 2004, 3815668 Canada Inc., a wholly-owned subsidiary of the Company and the issuer of the above-mentioned notes, amalgamated with CanWest Media Inc., which is also a wholly-owned subsidiary of the Company.

The issuance of the new notes was recorded at their fair value at November 18, 2004 of $944 million. The difference between the fair value of the new notes and the book value of the junior subordinated notes together with certain other costs of settling the debt totaling $44 million, was charged to earnings as a loss on debt extinguishment.

The Company has entered into a US$761.1 million cross-currency interest rate swap resulting in floating interest rates on its senior subordinated notes at interest rates based on CDOR plus a margin and a fixed currency exchange rate of US$1:$1.1932 until September 2012.

Under its Senior Secured Credit facility the Company is required to maintain a fair value of its interest rate swaps and foreign currency and interest rate swaps above a prescribed minimum liability. There are also prescribed minimum liabilities with individual counterparties, which have two-way recouponing provisions. The Company was required to make net recouponing payments of $97.0 million in the six months ended February 28, 2005 (2004 – $28.0 million), $34.5 million of this recouponing payment related to overhanging swaps and accordingly was reflected in cash flows from operating activities. Further strengthening of the Canadian currency and/or declining interest rates may result in further payments to counterparties.

6. INVESTMENT GAINS, LOSSES AND WRITE-DOWNS

The Company has recorded the following investment gains and losses.

	For the three months ended		For the six months ended	
	February 28, 2005	**February 29, 2004**	**February 28, 2005**	**February 29, 2004**
Gain on sale of investments	-	-	2,171	-
Dilution gain – TEN Group	557	1,452	733	1,701
Other	(2,246)	(4,515)	(2,958)	(4,515)
	(1,689)	(3,063)	(54)	(2,814)

7. DISCONTINUED OPERATIONS

Following a period of poor financial performance and continued weakness in international demand for its films and television programs, the Company has commenced a process to sell its Fireworks Entertainment Division. As a result, the results of operations of Fireworks have been classified as losses from discontinued operations in the consolidated statements of earnings, the net cash flows are classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities have been classified on the consolidated balance sheets as assets and liabilities of discontinued operations. The consolidated statements of earnings and the consolidated statements of cash flows for the six months ended February 29, 2004, have been restated for purposes of comparability. Prior to the classification as a discontinued operation, these results were reported within the Canadian Entertainment segment. The Company expects to complete a sale transaction within the next three months.

The loss from discontinued operations of Fireworks are summarized as follows:

	For the three months ended		For the six months ended	
	February 28, 2005	**February 29, 2004**	**February 28, 2005**	**February 29, 2004**
Revenue	22,883	36,462	44,281	65,800
Earnings (loss) from discontinued operations before tax expense	601	(209,729)	778	(211,701)
Income tax expense	647	13	855	137
Loss from discontinued operations	(46)	(209,742)	(77)	(211,838)
Loss from discontinued operations per share:				
Basic	$0.00	($1.18)	$0.00	($1.20)
Diluted	$0.00	($1.18)	$0.00	($1.19)

The carrying value of the net assets related to the discontinued Fireworks Entertainment division is as follows:

	As at February 28, 2005	**As at August 31, 2004**
Accounts receivable	51,518	85,269
Other current assets	503	3,825
Total current assets	52,021	89,094
Investment in film and television programs	27,679	37,971
Other assets	448	405
Total non current assets	28,127	38,376
Debt[1]	(4,250)	(23,571)
Other current liabilities	(24,323)	(46,145)
Total current liabilities	(28,573)	(69,716)
Net assets	51,575	57,754

[1] This included a three year revolving facility collateralized by certain assets of Fireworks Entertainment Inc. This loan was fully repaid and effective December 21, 2004, the facility has been terminated.

8. EARNINGS PER SHARE

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

	For the three months ended		For the six months ended	
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Basic weighted average shares outstanding during the period	177,309,310	177,256,114	177,294,320	177,194,940
Dilutive effect of options	517,635	-	228,075	158,127
Diluted weighted average shares outstanding during the period	177,826,945	177,256,114	177,522,395	177,353,067
Options outstanding that would have been anti-dilutive	728,673	2,481,430	1,581,865	2,038,216

9. STOCK BASED COMPENSATION

The Company adopted the fair value method of accounting for stock based compensation on a prospective basis for options granted subsequent to September 1, 2003, resulting in compensation expense and a credit to contributed surplus for the six months ended February 28, 2005, of $1.8 million (2004 - $0.6 million). The fair value of the options granted during the six months ended February 28, 2005, was estimated using the Black-Scholes option pricing model with the assumptions of no dividend yield (2004 – nil), an expected volatility of 42% (2004 - 52%), risk free interest rates of 4.2% (2004 - 4.5% to 4.9%) and an expected life of 7 years (2004 - 7 to 9 years).

The total fair value of 1,177,500 stock options (2004 - 510,500) that were granted by the Company during the six months ended February 28, 2005, was $6.3 million (2004 - $3.9 million), a weighted average fair value per option of $5.35 (2004 - $7.64). During the first six months, the Company agreed to issue approximately 187,000 shares, which vest in two years, for no consideration. The fair value of the shares at the time of issuance was $10.40 per share. During the six months ended February 28, 2005, the Company recorded compensation expense of $0.3 million related to these shares.

The following are proforma results reflecting the fair value based method of accounting for stock based compensation for options issued prior to September 1, 2003.

The proforma cost of share compensation expense for the three and six months ended February 28, 2005, would be $0.3 million and $0.6 million respectively (2004 – $0.4 million and $0.8 million). A value of $2.2 million would be charged to proforma net earnings in future years according to the vesting terms of the options. The resulting proforma net earnings (loss) from continuing operations, basic and diluted earnings per share for the three months ended February 28, 2005, would be $28.0 million, $0.16 and $0.16 respectively (2004 – ($1.9) million, ($0.01), and ($0.01)), and six months ended February 28, 2005, would be $63.1 million $0.36 and $0.36 respectively (2004 – $81.3 million, $0.46, and $0.46). The resulting proforma net earnings (loss), basic and diluted earnings per share for the three months ended February 28, 2005, would be $27.9 million, $0.16 and $0.16 respectively (2004 – ($211.7) million, ($1.19), and ($1.19)), and six months ended February 28, 2005, would be $63.0 million, $0.36 and $0.35 respectively (2004 – ($130.6) million, ($0.74) and ($0.74)).

The Company's proforma disclosure does not apply to awards prior to 1996.

10. RELATED PARTY TRANSACTIONS

Senior subordinated notes held by CanWest Communications Corporation, the Company's parent, totaled $51.7 million (US$41.9 million) at February 28, 2005 (August 31, 2004 - $55.0 million (US$41.9 million)). This debt matures on May 15, 2011 and bears interest at 10.625%. For the six months ended February 28, 2005, interest expense related to this debt totaled $3.0 million (2004 - $3.2 million).

A company in which an affiliate of CanWest Communications Corporation holds a 50% interest, owns the CanWest Global Place in Winnipeg, Manitoba, a building in which the Company is a tenant. For the six months ended February 28, 2005, rent paid to this company amounted to $0.5 million (2004 – $0.5 million).

11. EMPLOYEE BENEFIT PLANS

The Company has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension, other retirement and post retirement benefits to its employees. The measurement date for our plans is June 30 of each year. Information regarding the components of net periodic benefit cost for our benefit plans is presented below:

	Pension benefits		Post retirement benefits		Pension benefits		Post retirement benefits	
	For the three months ended				For the six months ended			
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Current service cost	4,443	4,254	333	315	8,886	8,506	665	630
Employee contributions	(1,540)	(1,515)	-	-	(3,080)	(3,029)	-	-
Accrued interest on benefits	6,108	5,610	587	583	12,215	11,219	1,173	1,167
Expected return on plan assets	(5,056)	(4,585)	-	-	(10,111)	(9,169)	-	-
Amortization of transitional obligation	148	147	-	-	295	295	-	-
Amortization of past service costs	301	301	34	76	603	603	68	153
Amortization of net actuarial loss (gain)	757	839	(14)	34	1,514	1,678	(27)	68
Changes in valuation allowance	(18)	(21)	-	-	(35)	(42)	-	-
Total pension and post retirement benefit expense	5,143	5,030	940	1,008	10,287	10,061	1,879	2,018

12. CONTINGENCIES

(a) On December 17, 2003, the Company filed a statement of claim against Hollinger International Inc., Hollinger Inc. and certain related parties in the amount of $25.7 million plus interest representing amounts owed to the Company related to its acquisition of 50% of The National Post Company partnership in March 2002. In August 2004, the Company obtained a summary judgment in respect of its claim against Hollinger for $22.5 million of this claim plus interest. A payment of $26.5 million was received in November 2004 in satisfaction of this claim. The Company has also requested arbitration related to a further $76.8 million owed by Hollinger International Inc. and Hollinger Canadian Newspapers Limited Partnership related to certain unresolved matters related to its November 15, 2000 acquisition of certain newspaper assets from Hollinger International Inc. and Hollinger Canadian Newspapers Limited Partnership. Hollinger International disputes this claim and claims that it and certain of its affiliates are owed $45 million by the Company. The outcome of this arbitration is not determinable.

(b) 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 action was stayed on the basis that the Ontario courts have no jurisdiction to try the claim. In April 2004, a statement of claim was filed in Manitoba, which was substantially the same as the previous claim, seeking damages of $405 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.

(c) The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

13. SEGMENTED INFORMATION

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

Each segment below operates as a strategic business unit with separate management. Segment performance is measured primarily on the basis of operating profit. The 2004 results have been restated to reflect the consolidation of TEN Group in accordance with AcG-15 (see note 1). Segmented information in Canadian dollars is as follows:

	Revenue		Segment operating profit		Revenue[1]		Segment operating profit	
	For the three months ended				For the six months ended			
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Publishing and Online - Canada	289,467	286,302	54,930	56,573	615,226	601,403	140,300	139,726
Television								
Canada	163,718	160,977	25,671	29,958	363,999	352,229	81,163	86,128
Australia-Network TEN	154,573	144,106	58,773	49,787	401,424	357,066	178,965	142,137
New Zealand	23,104	21,563	2,119	3,052	58,855	51,944	16,796	12,913
Ireland	8,461	7,759	2,284	2,162	19,782	17,619	7,254	5,886
Total television	349,856	334,405	88,847	84,959	844,060	778,858	284,178	247,064
Radio – New Zealand	24,412	23,108	8,110	7,930	48,175	44,466	15,995	15,017
Outdoor – Australia	24,918	18,050	4,904	2,257	53,822	37,742	12,697	6,624
Corporate and other	-	-	(8,095)	(8,224)	-	-	(14,869)	(14,537)
Total operating segments	688,653	661,865	148,696	143,495	1,561,283	1,462,469	438,301	393,894

[1] Represents revenue from third parties. In addition the following segments recorded intercompany revenues in the six months ended February 28, 2005: Canadian Television - $0.4 million (2004 – $0.4 million), Publishing and Online – Canada – $0.6 million (2004 - nil).

The following table reconciles segment operating profit to net earnings (loss):

	For the three months ended		For the six months ended	
	February 28, 2005	February 29, 2004	February 28, 2005	February 29, 2004
Segment operating profit	148,696	143,495	438,301	393,894
Amortization of intangibles	4,958	4,550	9,897	9,088
Amortization of property, plant and equipment	23,325	23,126	45,005	45,698
Other amortization	1,318	1,084	2,497	2,389
Operating income	119,095	114,735	380,902	336,719
Interest expense	(61,126)	(86,221)	(134,334)	(173,502)
Interest income	839	1,251	1,485	5,951
Amortization of deferred financing costs	(3,120)	(1,899)	(5,321)	(4,017)
Interest rate and foreign currency swap losses	(22,608)	(17,423)	(67,206)	(16,103)
Foreign exchange gains	13,947	436	24,443	5,126
Investment gains, losses and write-downs	(1,689)	(3,063)	(54)	(2,814)
Loss on debt extinguishment	-	-	(43,992)	-
Dividend income	-	-	-	1,415
	45,338	7,816	155,923	152,775
Provision for (recovery of)income taxes	(1,124)	(2,554)	36,059	27,896
Earnings before the following	46,462	10,370	119,864	124,879
Minority interests	(17,968)	(14,345)	(56,375)	(45,599)
Interest in earnings (loss) of equity accounted affiliates	596	(186)	1,047	(349)
Realized currency translation adjustments	(848)	2,626	(848)	3,126
Net earnings (loss) from continuing operations	28,242	(1,535)	63,688	82,057
Loss from discontinued operations	(46)	(209,742)	(77)	(211,838)
Net earnings (loss) for the period	28,196	(211,277)	63,611	(129,781)

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