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CanWest Global Communications Corp.

INTERIM REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2004

INTRODUCTION

Our first quarter of fiscal 2005 benefited from continued excellent results from international media operations, primarily broadcast operations in New Zealand and Australia, solid performance of Canadian newspaper operations and reduced financing expenses. Canadian television experienced revenue increases and slight declines in profitability the first quarter of fiscal 2005. However, with the late commencement of its fall conventional television schedule, it is expected to stabilize and improve throughout the rest of the year. Net earnings from continuing operations for the three months ended November 30, 2004 were $35 million.

During the quarter we announced the successful completion of an exchange offer for the Hollinger Participation Trust notes which will have an overall net effect of reducing our cash interest expense by approximately $40 million per year.

In October the Company announced the re-alignment of its Canadian and international operations under the CanWest MediaWorks and CanWest MediaWorks International banners. Rick Camilleri formerly the Chief Operating Officer (Operations), was named President, CanWest MediaWorks, and Tom Strike, formerly Chief Operating officer (Corporate), was named President, CanWest MediaWorks International.

Operating results for the quarter were affected by net of tax losses of $65 million related to a loss on extinguishment of the Hollinger notes and swap losses. The loss on the debt settlement represented the difference between the fair value of the new notes issued and the book value of the Hollinger notes as well as certain other costs of the transaction. The swap losses are the result of changes in the fair value of overhanging swaps primarily as a result of the strengthening of the Canadian dollar during the quarter.

Commencing in the current fiscal year, and consistent with new accounting requirements, the Company has consolidated the results of the TEN Group which includes the operations of Network TEN and Eye Corp. The Company had previously used the equity method to account for its interest in TEN Group. Consolidation of TEN Group significantly increases the Company's reported revenues, expenses, assets and liabilities. There is no impact on shareholders' equity. The Company has adopted the new accounting policy on a retroactive basis, with restatement of prior periods. The change in financial reporting does not affect net earnings in either the current or prior years.

Internationally, CanWest's media operations in Australia, New Zealand and Ireland are expected to continue to post strong results for the balance of the year. In the South Pacific, both lead their respective sectors and are outperforming their competition in profitability. In addition, both are taking advantage of strong domestic economies. The positive momentum seen throughout the fiscal 2004 year and to date is expected to continue and increase the contribution from both New Zealand and Australia. In New Zealand, the launch of CanWest MediaWorks NZ as a publicly traded company on the New Zealand Stock Exchange has been embraced by investors who have driven up the share price by 45% to NZ$2.20 from its opening of NZ$1.53, in less than six months. In Australia, the continuing success of the TEN Network's domestic schedule, including the groundbreaking success of Australian Idol, which was the country's most watched program in 2004 with a 50% share, has secured TEN second place overall among all viewers, and a wide lead in the target demographic group of 16-39 year old Australians. Continued success is expected from new programs from proven producers, including The X Factor, and should allow TEN to maintain the upward momentum in both ratings and market share.

In Canada, changes in the management team and the restructuring of the operations under the single operating unit, CanWest MediaWorks, coupled with renewed optimism in the advertising markets that more accurately reflect the underlying strength of the Canadian economy, should contribute to improved results through 2005. The current schedule at Global Television in Canada includes a number of promising new programs, and some solid international hits such as the latest installment of the hit Survivor series that remained at, or near the top, of the ratings across all demographic groups during the fall period. As well the third round of the hit show The Apprentice continues to resonate with Canadian viewers.

CanWest's Canadian radio operations will expand in 2005 with the launch of an easy listening FM station in Halifax, Nova Scotia. The yet to be named station will capitalize on the rich musical heritage of Nova Scotia and Atlantic Canada with a mix of soft contemporary, Celtic, folk, blues, jazz and world beat music.

CanWest's metropolitan daily newspapers continue to be the market leaders in their respective cities. The National Post has stabilized its circulation base, and continues to concentrate on building its advertising base. The announcement of a new publisher, Les Pyette, a veteran with a track record of success in the competitive newspaper market of Toronto, is a positive move given the Post's continued battle for market share in Canada's largest city. CanWest's aggressive approach to its electronic subscription service for newspapers is paying off. All CanWest metro daily papers are available in an innovative

and user-friendly online format that mirrors the way the paper appears everyday in print. The service has generated more than 11,000 paid online subscriptions in the first year. Newsprint prices have declined slightly as a result of the strengthening Canadian dollar through the first quarter and into the second quarter of fiscal 2005.

During the first quarter the Company announced the appointment of Frank King of Calgary, Alberta, to its Board of Directors. Mr. King is a member of several corporate boards and is the President of Metropolitan Investment Corporation. He is also the former Chairman and CEO of the XV Olympic Winter Games Organizing Committee, which were held in Calgary in 1988. ■

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, advertising revenues increased by 4% in our Canadian television broadcast segment in the first quarter of fiscal 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 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. We expect that revenues will continue to show modest growth in fiscal 2005 relative to fiscal 2004.

Our Australian and New Zealand television broadcast segments continued to perform well in the three months ended November 30, 2004 as compared to the same period in fiscal 2004, with local currency revenues up by 17% in Australia and 13% in New Zealand. The effect of the strengthening local currency relative to the Canadian dollar contributed an additional 5% revenue increase for New Zealand. The Australian currency translation had little impact on results as compared to the previous year. In our Irish television segment, revenues in local currency for the three months ended November 30, 2004 showed growth of 14% as compared to the same period last year.

Our principal television broadcast operating expenses are programming costs and employee salaries. For the three months ended November 30, 2004, segment operating expenses increased 7% in Canada, 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. In New Zealand, segment operating expenses for the three months ended November 30, 2004 in local currency decreased by 2% as compared to the same period in the prior year as a result of reduced programming costs, which partially resulted from the purchasing power of a stronger New Zealand dollar. In Australia, segment operating expenses increased by 5%, reflecting increased programming costs. For our Irish broadcasting operation, segment operating expenses increased 4% for the three months ended November 30, 2004 as compared 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.

Advertising and circulation revenues were higher in the three months ended November 30, 2004 as compared to the same period in fiscal 2004. The advertising increase resulted primarily from increases in pricing. Circulation revenues increased slightly in the three months ended November 30, 2004 as compared to the same period in the prior year as a result of higher per copy revenue, partially offset by small declines in circulation. We expect that circulation revenues, which make up approximately 20% of total newspaper revenues, will be relatively 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.

Our principal operating expenses in the publishing and online segment are salaries, newsprint and distribution expenses. Segment operating expenses increased by 4% in the three months ended November 30, 2004 as compared to the same period in fiscal 2004. The increase in expenses was primarily the result of increased payroll costs. Our newsprint expense for the three months ended November 30, 2004 decreased by approximately 5% as a result of reduced pricing and a small reduction in consumption. As a result of the strong Canadian currency we expect our newsprint expense 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 three months ended November 30, 2004, 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 5% increase. We expect revenues in local currencies to continue to increase during 2005, bolstered by the addition of new FM frequencies acquired in fiscal 2004.

The principal operating expenses in the radio broadcast segment are salaries, marketing costs and music royalties. Segment operating expenses in local currency increased 6% for the three months ended November 30, 2004 as compared to the same period in fiscal 2004; as a result of the strengthened New Zealand currency, this increase was 11% 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 47% for the three months ended November 30, 2004 as compared to the same period in fiscal 2003, 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 decreased as a percentage of revenues to 73% for the three months ended November 30, 2004 compared to 78% for the same period in fiscal 2004 as a result of a focus on cost containment.

CHANGES IN ACCOUNTING POLICIES

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 for the three months ended November 30, 2004. Our quarterly results for the year ended August 31, 2004, restated for the consolidation of TEN Group, are included later in this report. In addition, on implementation of AcG-15 we determined that an immaterial subsidiary 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. We calculate segment operating profit by determining segment operating income before amortization as defined below and adding back restructuring charges. See note 13 to our interim consolidated financial statements for the three months ended November 30, 2004. Management utilizes segment operating profit as a measure of segment profitability in making strategic resource allocations. In addition, we and our lenders and investors use segment operating profit to measure performance against our various leverage covenants.

- ***Operating income before amortization.*** We also discuss our consolidated operating income before amortization. Operating income before amortization is not a recognized measure of financial performance under Canadian generally accepted accounting principles ("GAAP"). Investors are cautioned that operating income

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2004

Following is a table of segmented results for the three months ended November 30, 2004 and November 30, 2003, including a reconciliation of segment operating profit to operating income:

	Revenue		Segment operating profit	
	2004 $000	**2003 $000**	**2004 $000**	**2003 $000**
Operating Segments				
Publishing and Online - Canada	325,759	315,101	85,370	83,153
Television				
Canada	200,281	191,252	55,492	56,170
Australia	246,851	212,960	120,192	92,350
New Zealand	35,751	30,381	14,677	9,861
Ireland	11,321	9,860	4,970	3,724
Total Television	494,204	444,453	195,331	162,105
Radio – New Zealand	23,763	21,358	7,885	7,087
Outdoor - Australia	28,904	19,692	7,793	4,367
Corporate and other	-	-	(6,774)	(6,313)
Total operating segments	872,630	800,604	289,605	250,399
Operating income before amortization			289,605	250,399
Amortization expense			27,798	28,415
Operating income			261,807	221,984

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.

CONSOLIDATED RESULTS

Revenues. Consolidated revenues increased by $72 million or 9% to $873 million for the three months ended November 30, 2004 from the consolidated revenues of $801 million for the same period in fiscal 2004. Revenues for the first quarter reflected solid increases in revenues from international media operations, a 5% increase in Canadian television revenues and a 3% increase in Canadian Publishing and Online revenues.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased $33 million or 6% to $583 million. This increase reflects expense increases in all operations.

Operating income before amortization. Consolidated operating income before amortization increased by 16% to $290 million for the three months ended November 30, 2004 from $250 million for the same period last year. The increase in operating income before amortization reflected significant increases for international media operations and a moderate increase in operating income before amortization for Canadian Publishing and Online operations.

SEGMENTED RESULTS

Publishing and Online

- ***Revenue.*** Publishing and Online revenues for the first quarter of fiscal 2005 were $326 million compared to revenues of $315 million in same period the previous year. Advertising revenues increased by 5% for the first quarter reflecting increased rates as well as increased volumes. While circulation volumes declined, circulation revenue increased marginally as a result of increased revenue per copy. Circulation comprised approximately 19% of total revenues for the newspaper group for the first quarter, a decline from 20% 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 $8 million, or 4%, to $240 million from $232 million. This reflected normal salary escalations, the cost of management restructuring and increases in certain administrative costs. Newsprint expenditures were 5% less in the three months ended November 30, 2004 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, our Publishing and Online operations achieved an increase of $2 million, or 3%, in segment operating profit to $85 million for the three months ended November 30, 2004 compared to $83 million for the same period last year.

Canadian Television

- ***Revenues.*** In total, revenues from our Canadian Television operating segment of $200 million were $9 million or 5% higher than the $191 million recorded in the same period in fiscal 2004. This reflected a 7% increase in advertising revenues as well as increases in subscription revenues from our specialty television operations.

  Our conventional television revenues for the first quarter 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. Revenues for fiscal 2004 were 7% lower than in fiscal 2003.

  Revenues from our digital specialty channels increased by 45% to $3 million in the first 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 consolidating our 50% interest in Mystery, which was previously equity accounted. Our digital specialty channels achieved year to date subscriber growth of 3% to 3.5 million subscribers.

- ***Operating expenses.*** Operating expenses (including selling, general and administrative expenses) of $145 million at Canadian Television operations were $10 million or 7% higher than in the same period in 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 $55 million for the first quarter of fiscal 2005 was marginally less than the $56 million recorded for the same period in fiscal 2004.

Australian Television

- ***Revenues.*** Segment revenues increased by 16% to $247 million for the three months ended November 30, 2004, from $213 million during the same period in the prior year. In domestic currency, revenues increased 17%, reflecting TEN's strong rating performance in a continuing strong television advertising environment.

- ***Operating expenses.*** Segment operating expenses increased 5% to $127 million for the three months ended November 30, 2004 compared to $121 million for the same period in fiscal 2004, primarily reflecting increased programming costs.

- ***Segment operating profit.*** Segment operating profit increased by 30% to $120 million for the first quarter of 2005, compared to $92 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 18% to $36 million for the first quarter of fiscal 2005 from $30 million for the same period in fiscal 2004. In local currency, revenues increased by 13%, reflecting improved audience share in a strong advertising environment. The strengthening New Zealand currency contributed an additional 5% on translation to Canadian dollars.

- ***Operating expenses.*** Operating expenses increased by 3% to $21 million, as a result of the 5% increase on translation of New Zealand dollars to Canadian dollars partially offset by reduced programming expenses.

- ***Segment operating profit.*** New Zealand's 3 and C4 produced segment operating profit of $15 million, a $5 million or 49% increase from the results recorded in the first quarter of 2004.

Irish television.

Our 45% share of revenues at TV3 in the Republic of Ireland increased by 15% to $11 million in the first quarter of fiscal 2005 compared to the first quarter of fiscal 2004. Our share of TV3's segment operating profit increased by $1 million to $5 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 November 30, 2004. Revenue grew by 11% to $24 million from $21 million during the first quarter of the previous year, reflecting a 6% increase in revenue in domestic currency and an additional 5% increase as a result of currency translation. Segment operating profit grew by 11% to $8 million for the three months ended November 30, 2004 from $7 million for the same period the previous year.

Outdoor advertising.

Segment revenues increased by $9 million, or 47%, to $29 million for the three months ended November 30, 2004 from $20 million for the first quarter in fiscal 2004. This increase reflected 48% growth in revenue in domestic currency. Our segment operating profit from TEN's Outdoor Advertising operations increased by $3 million to $8 million as compared to the first 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 quarter.

Amortization

Amortization of intangibles was $5 million in the first quarter of both fiscal 2005 and 2004. Amortization of property and equipment decreased to $22 million from $23 million for the first quarter of fiscal 2005 compared to the first quarter of fiscal 2004.

Financing Costs

Interest expense was $73 million for the three months ended November 30, 2004 compared to $87 million for the same period in the previous year, reflecting a reduced level of debt as well as reduced interest rates achieved through our refinancing activities in fiscal 2003 and fiscal 2004.

Interest Rate and Foreign Currency Swap Loss

For the three months ended November 30, 2004, we recorded at $45 million loss equivalent to the change in fair value of interest rate and foreign currency and interest rate swaps on debt that has been retired. This compared to a gain of $1 million for the first quarter of fiscal 2004.

Foreign Exchange Gains

We recorded net foreign exchange gains of $10 million in the three months ended November 30, 2004 compared to $5 million for the same period in fiscal 2004. $5 million of this gain arose on the translation of a portion of our U.S. dollar debt which is not hedged.

Investment Income

For the three months ended November 30, 2004, we recorded investment income of $2 million, compared to $0.2 million for the same period the previous year. The gain in 2004 was primarily related to a gain on disposition of a portfolio investment.

Loss on debt extinguishment

During the three months ended November 30, 2004 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 the 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 three months ended November 30, 2004 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 $37 million for the three months ended November 30, 2004, compared to $30 million in the same period of fiscal 2004. The effective tax rate of 34% was below the Company's statutory rate of 35% as a result of the impact of international tax rates which were lower than Canadian rates and changes in expected future tax rates, partially offset by the tax effect of the debt extinguishment.

Minority Interest
For the three months ended November 30, 2004 we recorded minority interest charges related to the 30% minority interest in MediaWorks (NZ) and the 43.4% minority interest in TEN Group of $4 million and $35 million, respectively. The minority interest charge related to TEN Group increased by 11% as compared to the $31 million charge for the same period in fiscal 2004 as a result of TEN Group's increased net earnings. There was no minority charge related to CanWest MediaWorks (NZ) for the first 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 November 30, 2004 were $35 million, or $0.20 per share, compared to net earnings from continuing operations of $84 million, or $0.47 per share, for the three months ended November 30, 2003.

Discontinued Operations
We have commenced a process to sell all of our Fireworks Entertainment production and distribution operations, resulting in the classification of these operating results as 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 $0.03 million for the three months ended November 30, 2004 compared to a loss of $2 million for the same operations for the three months ended November 30, 2003.

Net Earnings
Our net earnings for the three months ended November 30, 2004 were $35 million or $0.20 per share compared to net earnings of $81 million or $0.46 per share for the first quarter of fiscal 2004.

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	**February 29 2004**	**May 31 2004**	**August 31 2004**	**Total**
Revenue	800,604	661,865	783,941	664,990	2,911,400
Operating expenses	386,324	380,796	425,022	392,361	1,584,503
Selling, general and administrative expenses	163,881	137,574	156,552	149,347	607,354
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 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)	41,338	45,104
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	70,107	316,556
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	79,808	279,071
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)	(5,269)	(7,154)
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	**February 29 2004**	**May 31 2004**	**August 31 2004**	**Total**
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 fiscal 2005, our major non-operating cash requirements include expected capital expenditures of approximately $90 million, swap recouponing payments as discussed below in swap transactions, and repayment of $10 million in principal payments on long-term debt due in 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 November 30, 2004, we had cash on hand of $63 million. We generated cash flows from operating activities of continuing operations of $18 million for the three months ended November 30, 2004. As a result of dividends declared by TEN Group in June 2004 and December 2004 we received approximately $99 million in December 2004. In addition we received 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 $138 million at November 30, 2004.

Uses of Funds

Capital Expenditures

For the three months ended November 30, 2004 our capital expenditures were $18 million. In the remainder of fiscal 2005, we expect to make additional capital expenditures of approximately $72 million. This amount includes an $18 million investment in a new broadcast traffic and sales management system, $8 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 in the three months ended November 30, 2004, $44 million of this recouponing related to overhanging swaps and accordingly was reflected in cash flows from operating activities. Subsequent to November 30, 2004 we received payments from our swap counterparties of $40 million. Further strengthening of the Canadian currency and/or declining interest rates may result in further prepayment requirements.

Debt

General

At November 30, 2004, we had total outstanding debt of $3,351 million, including TEN Group debt of $306 million compared to debt of $3,234 million as at August 31, 2004. During the quarter we drew $125 million on our revolver primarily to finance the swap recouponing of payments, and we recorded an additional $944 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 three months ended November 30, 2004.

Credit Facility

Total credit available under our senior secured credit facility was $1,038 million as of November 30, 2004, of which we had drawn $900 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 our credit facility was 5.73 times cash flow for debt covenant purposes for the twelve months ended November 30, 2004, 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.

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 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 of approximately 7% on C$908 million.

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 will not be required to make a prepayment under this provision in respect of fiscal 2004.

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 and 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 November 30, 2004, we have entered into interest rate swap contracts to pay fixed rates of interest (at an average rate of 9.0%) and receive floating rates of interest (at an average rate of 5.5%) on a notional amount of $498 million. We have entered into pay fixed receive floating cross currency swap contracts at an average rate of 5.8% on a notional amount of $1,056 million and receive floating rates of 4.5% 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 $18.6 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 November 30, 2004, our outstanding swap contracts were in a net unrealized loss position of $508 million, including $56 million related to TEN Group.

Unrealized gains related to foreign exchange on U.S. dollar denominated debt amounted to $439 million as at November 30, 2004.

As of November 30, 2004, 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.

RELATED PARTY TRANSACTIONS

Senior subordinated notes held by CanWest Communications Corporation, our parent company, totaled $49.7 million (US$41.9 million) at November 30, 2004 (As at August 31, 2004 - $55.0 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 for the three months ended November 30, 2004 (2003 - $1.6 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 months ended November 30, 2004 amounted to $0.3 million (2003 - $0.3 million).

Differences Between Canadian GAAP and U.S. GAAP

The preceding discussion and analysis has been based upon financial statements prepared in accordance with Canadian GAAP, which differs in certain respects from United States GAAP. The significant differences relevant to the Company are discussed in detail in note 14 of Notes to the Consolidated Financial Statements for the three months ended November 30, 2004 and November 30, 2003.

OTHER

Share Data

As at January 11, 2005 we had the following number of shares outstanding:

Multiple voting shares	76,785,976
Subordinate voting shares	99,134,583
Non-voting shares	1,372,779

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

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January 5, 2005

To the Audit Committee of CanWest Global Communications Corp.

In accordance with our engagement letter dated January 21, 2004, we have reviewed the accompanying interim consolidated balance sheet of **CanWest Global Communications Corp.** (the “Company”) as at November 30, 2004 and the related interim consolidated statements of earnings, retained earnings and cash flows for the three month period 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

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

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

	For the three months ended	
	November 30, 2004	**November 30, 2003** Revised (note 1)
Revenue	872,630	800,604
Operating expenses	409,924	386,324
Selling, general and administrative expenses	173,101	163,881
	289,605	250,399
Amortization of intangibles	4,939	4,538
Amortization of property, plant and equipment	21,680	22,572
Other amortization	1,179	1,305
Operating income	261,807	221,984
Interest expense	(73,208)	(87,281)
Interest income	646	4,700
Amortization of deferred financing costs	(2,201)	(2,118)
Interest rate and foreign currency swap gains (losses)	(44,598)	1,320
Foreign exchange gains	10,496	4,690
Investment gains and losses (note 6)	1,635	249
Loss on debt extinguishment (note 5)	(43,992)	-
Dividend income	-	1,415
	110,585	144,959
Provision for income taxes (note 4)	37,183	30,450
Earnings before the following	73,402	114,509
Minority interest	(38,407)	(31,254)
Interest in earnings (loss) of equity accounted affiliates	451	(163)
Realized currency translation adjustments	-	500
Net earnings from continuing operations	35,446	83,592
Loss from discontinued operations	(31)	(2,096)
Net earnings for the period	35,415	81,496
Earnings per share from continuing operations:		
Basic	$0.20	$0.47
Diluted	$0.20	$0.47
Earnings per share:		
Basic	$0.20	$0.46
Diluted	$0.20	$0.46

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In thousands of Canadian dollars)

	As at November 30, 2004	As at November 30, 2003 Revised (note 1)
ASSETS		
Current Assets		
Cash	62,813	97,271
Accounts receivable	631,257	488,418
Inventory	12,165	13,449
Investment in film and television programs	206,596	194,099
Future income taxes	6,234	6,166
Other assets	39,368	22,574
Assets of discontinued operations (note 7)	60,031	89,094
	1,018,464	911,071
Other investments	23,190	26,830
Investment in film and television programs	44,008	35,157
Property, plant and equipment	707,320	708,311
Future income taxes	5,785	5,580
Other assets	236,017	144,141
Intangible assets	1,172,706	1,182,145
Goodwill	2,469,200	2,465,248
Assets of discontinued operations (note 7)	40,230	38,376
	5,716,920	5,516,859
LIABILITIES		
Current Liabilities		
Accounts payable	161,943	158,461
Accrued liabilities (note 3)	234,646	240,502
Income taxes payable	51,055	27,419
Film and television program accounts payable	95,989	65,270
Deferred revenue	33,191	34,218
Future income taxes	6,072	6,072
Current portion of long term debt	30,430	33,204
Liabilities of discontinued operations (note 7)	48,089	69,716
	661,415	634,862
Long term debt and related foreign currency swap liability (note 5)	3,320,613	3,201,051
Interest rate and foreign currency swap liability	115,013	120,341
Other accrued liabilities	161,764	164,449
Future income taxes	126,428	139,280
Minority interest	116,016	77,456
	4,501,249	4,337,439
Contingencies (note 12)		
SHAREHOLDERS' EQUITY		
Capital stock	848,634	848,628
Contributed surplus	6,021	4,612
Retained earnings	375,416	340,001
Cumulative foreign currency translation adjustments	(14,400)	(13,821)
	1,215,671	1,179,420
	5,716,920	5,516,859

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

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

	For the three months ended	
	November 30, 2004	**November 30, 2003** Revised (note 1)
Retained earnings - beginning of year	340,001	353,479
Net earnings for the period	35,415	81,496
Retained earnings – end of period	375,416	434,975

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

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

	For the three months ended	
	November 30, 2004	**November 30, 2003** Revised (note 1)
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings from continuing operations for the period	35,446	83,592
Items not affecting cash		
Amortization	29,999	30,533
Interest paid in kind	22,529	23,362
Future income taxes	(13,386)	13,164
Realized currency translation adjustments	-	(500)
Interest rate and foreign currency swap losses net of settlements	453	(1,320)
Loss on debt extinguishment	43,992	-
Investment gains and losses	(1,635)	(249)
Amortization of film and television programs	2,984	-
Minority interest	38,407	31,254
Other	(702)	2,422
Investment in film and television programs	(3,255)	(9,979)
	154,832	172,279
Changes in non-cash operating accounts	(136,344)	(129,445)
Cash flows from operating activities of continuing operations	18,488	42,834
Cash flows from operating activities of discontinued operations	18,141	(1,327)
Cash flows from operating activities	36,629	41,507
INVESTING ACTIVITIES		
Other investments	83	(104)
Acquisition	(12,493)	-
Proceeds from sales of other investments	2,171	-
Proceeds from sale of property, plant and equipment	400	-
Purchase of property, plant and equipment	(18,009)	(12,986)
	(27,848)	(13,090)
FINANCING ACTIVITIES		
Issuance of long term debt	235,587	-
Repayment of long term debt	(169,367)	(102,270)
Swap recouponing payments	(98,502)	(11,183)
Issuance of share capital	6	27
Issuance of share capital of Network TEN	1,465	1,941
Financing activities from discontinued operations	(12,590)	(10,789)
	(43,401)	(122,274)
Foreign exchange gain on cash denominated in foreign currencies	162	831
Net change in cash	(34,458)	(93,026)
Cash – beginning of period	97,271	139,203
Cash – end of period	62,813	46,177

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. A reconciliation to accounting principles generally accepted in the United States is provided in note 14.

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. Under this provision 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 $11.6 million for the three months ended November 30, 2003. 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 August 31, 2004 the Company holds a 56.6% economic interest in TEN Group (56.6% at August 31, 2004). The interest held by the 43.4% minority is classified in minority interests.

In addition, as a result of the adoption of AcG-15 the Company determined that an immaterial subsidiary should not be consolidated in its results, and accordingly the results of the subsidiary 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 on the following page.

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 & 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 interest	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 subsidiary 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

Effective September 1, 2004 TEN Group acquired the remaining interest in Eye Shop not already owned for cash consideration of $12.5 million (A$13.4 million). A summary of the fair value of assets acquired follows:

Current assets	4,058
Property, plant and equipment	5,596
Goodwill	7,628
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

3. RESTRUCTURING ACCRUALS

For the period ended November 30, 2004, expenditures charged to the restructuring accruals were $0.4 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	(392)	(56)	-	-	(448)
Balance November 30, 2004	4,626	103	250	999	5,978

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 November 30,	
	2004	2003 Revised (note 1)
Income taxes at combined Canadian statutory rate of 35.20% (2003—35.59%)	38,926	51,591
Non-taxable portion of capital (gains) and losses	1,358	-
Effect of valuation allowance on future tax assets	1,285	-
Effect of foreign income tax rates differing from Canadian income tax rates	(8,214)	(15,533)
Tax costs of exchange note offer	5,777	-
Change in expected future tax rates	(4,173)	-
Large corporations tax	949	800
Effect of change in tax rates	-	4,246
Effect of resolved tax dispute	-	(7,000)
Non-deductible expenses and withholding taxes	709	2,508
Utilization of loss carry forwards not previously tax effected	-	(5,589)
Other	566	(573)
Provision for income taxes	37,183	30,450

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 $137.0 million in the three months ended November 30, 2004 (2003 – $11.2 million). $44.1 million of this recouponing payment related to the 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 AND LOSSES

The Company has recorded the following investment gains and losses.

	For the three months ended November 30,	
	2004	2003
Gain on sale of investments	2,171	-
Dilution gain – TEN Group	176	249
Other	(712)	-
	1,635	249

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 three months ended November 30, 2003 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 November 30,	
	2004	**2003**
Revenue	21,398	29,338
Earnings (loss) from discontinued operations before tax expense	177	(1,972)
Income tax expense	208	124
Loss from discontinued operations	(31)	(2,096)
Loss from discontinued operations per share: Basic and diluted	$0.00	($0.01)

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

	As at November 30, 2004	**As at August 31, 2004**
Accounts receivable	59,326	85,269
Other current assets	705	3,825
Total current assets	60,031	89,094
Investment in film and television programs	39,818	37,971
Other assets	412	405
Total non current assets	40,230	38,376
Debt [1]	(9,858)	(23,571)
Other current liabilities	(38,231)	(46,145)
Total current liabilities	(48,089)	(69,716)
Net assets	52,172	57,754

[1] This includes a three year revolving facility collateralized by certain assets of Fireworks Entertainment Inc., which matures in May 2005 and bears interest at floating rates of LIBOR plus a margin. The availability under this facility is based on acceptable receivables; as at November 30, 2004 US$3.7 million was advanced (August 31, 2004 - US$14.7 million). The facility contains profitability and financial ratio covenants, certain of which were not met at November 30, 2004. Subsequent to November 30, 2004, 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 November 30,	
	2004	**2003**
Basic weighted average shares outstanding during the period	177,279,495	177,133,667
Dilutive effect of options	126,541	176,026
Diluted weighted average shares outstanding during the period	177,406,036	177,309,693
Options outstanding that would have been anti-dilutive	2,429,191	2,062,703

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 additional compensation expense for the three months ended November 30, 2004 of $1.4 million (2003 - $0.4 million). The fair value of the options granted during the three months ended November 30, 2004 was estimated using the Black-Scholes option pricing model with the assumptions of no dividend yield (2003 – nil), an expected volatility of 42% (2003 - 52%), risk free interest rates of 4.2% (2003 - 4.5% to 4.9%) and an expected life of 7 years (2003 - 7 to 9 years).

The total fair value of 1,177,500 stock options (2003 - 510,500) that were granted by the Company during the three months ended November 30, 2004 was $6.3 million (2003 - $3.9 million), a weighted average fair value per option of $5.35 (2003 - $7.64).

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 months ended November 30, 2004 would be $0.3 million (2003 – $0.4 million). A value of $2.5 million would be charged to proforma net earnings in future years according to the vesting terms of the options. The resulting proforma net earnings from continuing operations, basic and diluted earnings per share for the three months ended November 30, 2004 would be $35.1 million, $0.20 and $0.20 respectively (2003 – $83.2 million, $0.47, and $0.47). The resulting proforma net earnings, basic and diluted earnings per share for the three months ended November 30, 2004 would be $35.1 million, $0.20 and $0.20 respectively (2003 – $81.1 million, $0.46, and $0.46).

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 $49.7 million (US$41.9 million) at November 30, 2004 (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 three months ended November 30, 2004, interest expense related to this debt totaled $1.5 million (2003 - $1.6 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 three months ended November 30, 2004, rent paid to this company amounted to $0.3 million (2003 – $0.3 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:

	For the three months ended November 30,			
	Pension benefits		Post retirement benefits	
	2004	2003	2004	2003
Current service cost	4,443	4,252	332	315
Employee contributions	(1,540)	(1,514)	-	-
Accrued interest on benefits	6,107	5,609	586	584
Expected return on plan assets	(5,055)	(4,584)	-	-
Amortization of transitional obligation	147	148	-	-
Amortization of past service costs	302	302	34	77
Amortization of net actuarial loss (gain)	757	839	(13)	34
Changes in valuation allowance	(17)	(21)	-	-
Total pension and post retirement benefit expense	5,144	5,031	939	1,010

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.

(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[1]. Segmented information in Canadian dollars is as follows:

	Revenue[2]		Segment operating profit	
Operating Segments	**2004**	**2003** Revised (note 1)	**2004**	**2003** Revised (note 1)
Publishing and Online - Canada	325,759	315,101	85,370	83,153
Television				
Canada	200,281	191,252	55,492	56,170
Australia - Network TEN	246,851	212,960	120,192	92,350
New Zealand	35,751	30,381	14,677	9,861
Ireland	11,321	9,860	4,970	3,724
Total television	494,204	444,453	195,331	162,105
Radio - New Zealand	23,763	21,358	7,885	7,087
Outdoor - Australia	28,904	19,692	7,793	4,367
Corporate and other	-	-	(6,774)	(6,313)
Total operating segments	872,630	800,604	289,605	250,399

[1] Segment operating profit is earnings before interest, taxes, amortization, amortization of deferred financing costs, interest rate and foreign currency swap losses and gains, foreign exchange losses and gains, investment gains and losses, loss on debt extinguishment, dividend income, interest in earnings of equity accounted affiliates and realized currency translation gains and losses.

[2] Represents revenue from third parties. In addition the following segments recorded intercompany revenues:
Canadian Television - $0.2 million (2003 – $0.2 million), Publishing and Online – Canada – $0.05 million (2003 - nil).

14. UNITED STATES ACCOUNTING PRINCIPLES

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

RECONCILIATION TO US GAAP
Consolidated Statements of Earnings

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

	For the three months ended November 30,	
	2004	**2003** Revised (note 1)
Net earnings in accordance with Canadian GAAP from continuing operations	35,446	83,592
Pre-operating costs incurred net of tax of $104 (2003 - $265)	(187)	(560)
Amortization of pre-operating costs net of tax of $178 (2003 - $96)	316	204
Realization of cumulative translation adjustments net of tax of nil	-	(500)
Programming costs imposed by regulatory requirement net of tax of $533 (2003 – $682)	(956)	(904)
Pension valuation allowances net of tax of $6 (2003 - $7)	(11)	(14)
Gain (loss) on interest rate and cross currency swaps and translation of foreign denominated debt net of tax of $17,698 (2003 - $2,738)	(11,155)	13,014
Tax rate change not enacted	-	16,832
Settlement of acquired tax contingencies net of tax of nil	-	(7,000)
Net earnings from continuing operations in accordance with U.S. GAAP	23,453	104,664
Loss from discontinued operations	(31)	(2,096)
Net earnings for the year in accordance with U.S. GAAP	23,422	102,568
Earnings per share from continuing operations		
Basic	$0.13	$0.59
Diluted	$0.13	$0.59
Earnings per share		
Basic	$0.13	$0.58
Diluted	$0.13	$0.58

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