

**CANWEST LIMITED PARTNERSHIP
(FORMERLY "CANWEST MEDIAWORKS LIMITED PARTNERSHIP")
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
FEBRUARY 29, 2008 AND FEBRUARY 28, 2007
(UNAUDITED)**

April 10, 2008

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 16, 2007, we have reviewed the accompanying interim consolidated balance sheet of **Canwest Limited Partnership** (formerly “CanWest MediaWorks Limited Partnership”) (the “Partnership”) as at February 29, 2008 and the related interim consolidated statements of earnings, partners’ deficiency and cash flows for the three and six month periods ended February 29, 2008 and February 28, 2007, and the statements of comprehensive income for the three and six month periods ended February 29, 2008. These interim consolidated financial statements are the responsibility of the Partnership’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.

The accompanying balance sheet as at August 31, 2007 is a reproduction of the balance sheet from the complete financial statements of the Partnership, as at August 31, 2007 and for the year then ended, on which we expressed an opinion without reservation in our report dated November 2, 2007. The fair reproduction on the complete balance sheet is the responsibility of management. Our responsibility is to report on the balance sheet. In our opinion, the accompanying balance sheet as at August 31, 2007 is appropriately reproduced.

This report is solely for the use of the Audit Committee of Canwest Global Communications Corp. 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 LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Revenue	283,001	277,973	614,828	594,424
Operating expenses (note 15)	220,345	221,788	449,222	448,753
Restructuring expenses (note 14)	2,284	-	10,040	-
	60,372	56,185	155,566	145,671
Amortization of property and equipment	11,462	12,628	23,129	25,122
Other amortization	48	40	98	80
Operating income	48,862	43,517	132,339	120,469
Interest expense, net	(27,067)	(10,081)	(54,725)	(20,878)
Amortization of deferred financing costs	-	(413)	-	(826)
Other income	731	762	1,462	1,525
Gain on disposal of property and equipment	10	701	13	713
Foreign currency exchange gains	52	285	316	24
Earnings before income taxes	22,588	34,771	79,405	101,027
Provision for (recovery of) current income taxes (note 9)	(2,663)	(97)	(493)	(97)
Provision for (recovery of) future income taxes (note 9)	(4,885)	(4,900)	855	812
Net earnings for the period	30,136	39,768	79,043	100,312

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

CANWEST LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended February 29, 2008	For the six months ended February 29, 2008
Net earnings for the period	30,136	79,043
Other comprehensive loss		
Unrealized loss on foreign currency and interest rate swaps designated as cash flow hedges	(10,891)	(20,824)
Other comprehensive loss for the period	(10,891)	(20,824)
Comprehensive income for the period	<u>19,245</u>	<u>58,219</u>

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

CANWEST LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands of Canadian dollars)

	<u>As at</u> <u>February 29, 2008</u>	<u>As at</u> <u>August 31, 2007</u>
ASSETS		
Current Assets		
Cash	-	10,682
Accounts receivable	148,954	141,250
Amounts due from affiliated companies (note 15)	10,827	8,733
Inventory	8,486	8,742
Income taxes recoverable	1,013	588
Future income tax assets	676	5,120
Prepaid expenses	10,137	12,854
	<u>180,093</u>	<u>187,969</u>
Property and equipment	353,950	363,217
Other assets (note 7)	16,437	37,101
Goodwill	94,277	92,322
	<u>644,757</u>	<u>680,609</u>
LIABILITIES		
Current Liabilities		
Bank indebtedness	4,514	-
Accounts payable and accrued liabilities	106,365	111,568
Amounts due to affiliated companies (note 15)	15,938	16,712
Deferred revenue	31,565	31,701
Current portion of hedging derivative instruments (note 3)	18,030	-
Current portion of long term debt (note 8)	4,589	5,000
Current portion of obligations under capital leases	2,701	2,535
	<u>183,702</u>	<u>167,516</u>
Long term debt (note 8)	1,247,732	1,347,750
Hedging derivative instruments (note 3)	95,920	-
Obligations under capital leases	8,533	9,927
Accrued pension, post-retirement and other liabilities	52,463	51,774
Future income taxes	39,248	42,828
	<u>1,627,598</u>	<u>1,619,795</u>
Contingencies (note 16)		
PARTNERS' DEFICIENCY		
Partners' capital (note 13)	39,188	39,188
Contributed surplus	55,000	55,000
Accumulated other comprehensive loss (notes 3 and 11)	(37,946)	-
Deficit	(1,039,083)	(1,033,374)
	<u>(982,841)</u>	<u>(939,186)</u>
	<u>644,757</u>	<u>680,609</u>

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

CANWEST LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
CONSOLIDATED STATEMENTS OF PARTNERS’ DEFICIENCY
(UNAUDITED)

(In thousands of Canadian dollars)

For the three months ended February 29, 2008

	Partners’ Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
Balance as at December 1, 2007	39,188	55,000	(27,055)	(1,014,219)	(947,086)
Net earnings for the period	-	-	-	30,136	30,136
Other comprehensive loss (note 11)	-	-	(10,891)	-	(10,891)
Distributions declared (note 13)	-	-	-	(55,000)	(55,000)
Balance at February 29, 2008	<u>39,188</u>	<u>55,000</u>	<u>(37,946)</u>	<u>(1,039,083)</u>	<u>(982,841)</u>

For the three months ended February 28, 2007

	Partners’ Capital	Contributed Surplus	Deficit	Total
Balance as at December 1, 2006	589,188	1,437	(940,778)	(350,153)
Performance Unit Plan (note 12)	-	720	(199)	521
Net earnings for the period	-	-	39,768	39,768
Distributions declared (note 13)	-	-	(49,438)	(49,438)
Balance at February 28, 2007	<u>589,188</u>	<u>2,157</u>	<u>(950,647)</u>	<u>(359,302)</u>

For the six months ended February 29, 2008

	Partners’ Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total
Balance as at September 1, 2007	39,188	55,000	-	(1,033,374)	(939,186)
Adjustment to opening balance upon adoption of new financial instruments accounting standard (note 3)	-	-	(17,122)	248	(16,874)
Net earnings for the period	-	-	-	79,043	79,043
Other comprehensive loss (note 11)	-	-	(20,824)	-	(20,824)
Distributions declared (note 13)	-	-	-	(85,000)	(85,000)
Balance at February 29, 2008	<u>39,188</u>	<u>55,000</u>	<u>(37,946)</u>	<u>(1,039,083)</u>	<u>(982,841)</u>

For the six months ended February 28, 2007

	Partners’ Capital	Contributed Surplus	Deficit	Total
Balance as at September 1, 2006	589,188	1,005	(951,445)	(361,252)
Performance Unit Plan (note 12)	-	1,152	(308)	844
Net earnings for the period	-	-	100,312	100,312
Distributions declared (note 13)	-	-	(99,206)	(99,206)
Balance at February 28, 2007	<u>589,188</u>	<u>2,157</u>	<u>(950,647)</u>	<u>(359,302)</u>

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

CANWEST LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands of Canadian dollars)

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>February 29, 2008</u>	<u>February 28, 2007</u>	<u>February 29, 2008</u>	<u>February 28, 2007</u>
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings for the period	30,136	39,768	79,043	100,312
Items not affecting cash				
Amortization	11,510	13,081	23,227	26,028
Future income taxes	(4,885)	(4,900)	855	812
Gain on disposal of property and equipment	(10)	(701)	(13)	(713)
Non-cash interest	752	-	1,505	-
Excess of pension expense over employer contributions	771	(1,372)	1,617	349
Compensation expense (note 12)	-	521	-	844
	<u>38,274</u>	<u>46,397</u>	<u>106,234</u>	<u>127,632</u>
Changes in amounts due from affiliated companies (note 15)	(5,231)	(3,572)	(2,868)	1,351
Changes in non-cash operating accounts	16,692	23,208	(10,259)	(11,460)
Cash flows from operating activities	<u>49,735</u>	<u>66,033</u>	<u>93,107</u>	<u>117,523</u>
INVESTING ACTIVITIES				
Acquisitions (note 6)	(25)	-	(2,725)	-
Proceeds from sale of property and equipment	17	1,444	28	2,318
Purchase of property and equipment	(7,587)	(4,362)	(13,877)	(7,109)
Cash flows from investing activities	<u>(7,595)</u>	<u>(2,918)</u>	<u>(16,574)</u>	<u>(4,791)</u>
FINANCING ACTIVITIES				
Repayment of long term debt (note 8)	(1,250)	-	(2,500)	-
Advance (repayment) of revolving facilities (note 8)	7,000	-	(3,000)	-
Distributions paid (note 13)	(55,000)	(49,713)	(85,000)	(99,206)
Payments of capital leases	(30)	(141)	(1,228)	(1,302)
Cash flows from financing activities	<u>(49,280)</u>	<u>(49,854)</u>	<u>(91,728)</u>	<u>(100,508)</u>
Net change in cash	(7,140)	13,261	(15,196)	12,224
Cash - beginning of period	<u>2,626</u>	<u>45,156</u>	<u>10,682</u>	<u>46,193</u>
Cash - end of period	<u>(4,514)</u>	<u>58,417</u>	<u>(4,514)</u>	<u>58,417</u>

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

CANWEST LIMITED PARTNERSHIP
(FORMERLY “CANWEST MEDIAWORKS LIMITED PARTNERSHIP”)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 29, 2008
AND FEBRUARY 28, 2007
(UNAUDITED)

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

1. DESCRIPTION OF PARTNERSHIP

Canwest Limited Partnership (formerly “CanWest MediaWorks Limited Partnership”), (“Canwest LP” or “Limited Partnership”), was formed on September 7, 2005 under the laws of Ontario to acquire the newspaper, interactive and certain business services operations of Canwest Inc. (formerly “CanWest MediaWorks Inc.”), (“Canwest”), excluding *The National Post Company* (“*National Post*”). Prior to the acquisition, these operations are referred to as the Publishing Group. Canwest LP was inactive for the period from September 7, 2005 to October 12, 2005.

On October 13, 2005, Canwest LP acquired the businesses and substantially all of the assets and assumed substantially all of the operating liabilities related to the Publishing Group, including the following directly or indirectly wholly owned entities of Canwest: Canwest Publishing Inc. (formerly “CanWest MediaWorks Publications Inc.”), Canwest Books Inc., certain assets and liabilities representing the operations of ReachCanada Contact Centre and certain assets and liabilities representing the operations of certain support and administration functions that were divisions of Canwest.

Newspaper operations include daily and non-daily newspapers, including electronic editions, news content productions and editorial operations as well as certain shared service operations. The interactive operations operate the *canada.com* web portal and provide subscription services relating to investing and financial news and other information. The business services’ operations include certain centralized customer and support services which provide services to the operations held by Canwest LP and Canwest’s Canadian Broadcasting Operations (the “Canadian Broadcasting Operations”).

Revenue includes advertising, circulation and subscriptions, all of which are derived from a variety of sources. Canwest LP advertising revenues are seasonal. Revenues and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

As a result of the privatization transaction referred to in note 5, Canwest indirectly owns 100% of the Limited Partnership.

2. BASIS OF PRESENTATION

The interim consolidated financial statements of Canwest LP include the accounts of the Limited Partnership, its subsidiaries Canwest Publishing Inc. and Canwest Books Inc., and the Limited Partnership’s pro rata share, (33.33%), of the assets, liabilities and results of operations of a joint venture with Metro International S.A. and Torstar Corporation (“Metro”) to May 31, 2007 when Metro was sold.

The interim consolidated financial statements of Canwest LP for the three and six months ended February 29, 2008 and February 28, 2007 present the financial position of Canwest LP as at February 29, 2008 and August 31, 2007, the results of operations and cash flows for the three and six months ended February 29, 2008 and February 28, 2007, the statements of partners’ deficiency for the three

2. BASIS OF PRESENTATION (continued)

and six months ended February 29, 2008 and February 28, 2007 and the consolidated statements of comprehensive income for the three and six months ended February 29, 2008.

Canwest LP is unincorporated and its balance sheet does not include the assets, liabilities, revenue and expenses of its partners.

Canwest LP, Canwest, the Canadian Broadcasting Operations and the *National Post* have entered into various agreements governing the provisions of services and the amount to be charged for these services, as described in note 15.

Current and future income taxes relate to the corporate subsidiaries of Canwest LP. Canwest LP, itself, is not subject to income or capital taxes, as the income, if any, is taxed in the hands of the individual partners.

Effective January 10, 2008, the Limited Partnership underwent the following legal name changes:

CanWest MediaWorks Limited Partnership was changed to Canwest Limited Partnership and CanWest MediaWorks Publications Inc. was changed to Canwest Publishing Inc.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada for interim consolidated 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 consolidated financial statements do not include all of the information and disclosures required for annual consolidated financial statements. The accounting policies used in the preparation of these interim consolidated financial statements are the same as those used in the most recent annual consolidated financial statements except for the accounting policy changes disclosed below. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements of the Limited Partnership. All amounts are expressed in Canadian dollars unless otherwise noted.

Accounting Changes

Effective September 1, 2007, the Limited Partnership adopted CICA Handbook Sections 1530, "Comprehensive Income", 3251, "Equity", 3855, "Financial Instruments – Recognition and Measurement", 3861, "Financial Instruments – Disclosure and Presentation" and 3865, "Hedges". The adoption of these new standards resulted in changes in accounting of financial instruments as well as the recognition of certain transition adjustments that have been recorded in opening deficit and opening accumulated other comprehensive loss (AOCL). The Limited Partnership adopted these standards at the beginning of the year retroactively and, in accordance with the transitional provisions, the prior period balances have not been restated. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

Comprehensive Income

Section 1530 introduces comprehensive income, which represents the change in an entity's net assets that results from transactions, events and circumstances related to sources other than the entity's partners. Comprehensive income consists of net earnings and other comprehensive income ("OCI"). OCI is comprised of revenue, expenses, gains and losses that in accordance with GAAP are recognized

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

in comprehensive income, but excluded from net income such as the effective portion of gains and losses on derivatives designated as cash flow hedges.

Equity

Section 3251 describes the changes in how to report and disclose equity and changes in equity as a result of the new requirements of Section 1530. Upon adoption of these standards, the Limited Partnership has presented an interim consolidated statement of comprehensive income for changes in these items during the period. Cumulative changes in OCI are included in AOCL, which is presented as a new category within the Limited Partnership's deficiency on its consolidated balance sheet (note 11).

Financial Instruments – Recognition and Measurement and Financial Instruments – Disclosure and Presentation

These new standards prescribe when a financial instrument is to be recognized and derecognized from the balance sheet and at what amount these financial instruments should be recognized. It also specifies how financial instrument gains and losses are accounted for. Under these new standards, all financial assets are classified as held-for-trading, held-to-maturity, loans and receivables or available-for-sale and all financial liabilities must be classified as held-for-trading or other financial liabilities. In addition, an entity has the option to designate financial assets or liabilities as held-for-trading or financial assets as available-for-sale on initial recognition or upon adoption of these standards, even if the financial instrument was not acquired or incurred for the purpose of selling or repurchasing it in the near term.

All financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest method. Financial assets classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. Amortization related to financial assets classified as held-to-maturity or loans and receivables and other financial liabilities are recorded in net earnings using the effective interest method. Gains and losses related to financial assets and financial liabilities classified as held-for-trading are recorded in net earnings in the period in which they arise. If a financial asset is classified as available-for-sale, the cumulative unrealized gain or loss is recognized in AOCL and recognized in net earnings upon the sale or other-than-temporary impairment.

Upon adoption, the Limited Partnership's financial assets and financial liabilities were classified as follows:

- Cash is classified as held-for-trading. Changes in fair value for the period related to foreign exchange translation are recorded as foreign exchange gains (losses) in net earnings.
- Accounts and other receivables are considered loans and receivables and are initially recorded at fair value and subsequently measured at amortized cost. Amounts due to (from) related parties are initially recorded at carrying amount or exchange amount, as appropriate, and are subsequently recorded at amortized cost. Interest income is recorded in net earnings, as applicable.
- Revolving credit facilities, bank indebtedness, accounts payable and accrued liabilities, and term credit facilities are considered other financial liabilities and are initially recorded at fair value and subsequently measured at amortized cost. Interest expense is recorded in net earnings, as applicable.

The fair value of the short term financial assets and liabilities, which include accounts receivable, bank indebtedness, accounts payable and accrued liabilities approximates their carrying value due to the short nature of these financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The fair value of long term debt is estimated by discounting future cash flows using currently available rates for debt of similar terms and maturity or using market prices for publicly traded debt. Long term debt has a carrying value of \$1,252.3 million (August 31, 2007 - \$1,338.7 million) and a fair value of \$1,246.6 million (August 31, 2007 - \$1,332.8 million). The fair value of other long term liabilities approximates their carrying value.

The fair value of foreign currency and interest rate swaps are based on the amount at which they could be settled based on estimated current market rates. The foreign currency and interest rate swaps had a carrying value of \$114.0 million (August 31, 2007 - \$14.1 million) and a fair value of \$114.0 million (August 31, 2007 - \$31.2 million).

The new standards require all derivative financial instruments to be measured at fair value on the consolidated balance sheet, even when they are part of an effective hedging relationship. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If certain conditions are met, an embedded derivative is bifurcated from the host contract and accounted for as a derivative in the consolidated balance sheet, and measured at fair value. Upon adoption, entities have the option to recognize as an asset or liability all embedded derivative instruments that are required to be bifurcated from their host contracts or to select the beginning of a fiscal year ending no later than March 31, 2004 as its transition date for embedded derivatives. The Limited Partnership has selected September 1, 2002 as its transition date for embedded derivatives. As at September 1, 2007, the Limited Partnership did not have any material outstanding contracts or financial instruments with embedded derivatives that require bifurcation.

Upon adoption, entities have the option to expense transaction costs in the period incurred or to continue to defer transaction costs relating to term credit facilities as a reduction of the long-term debt and amortize them to net earnings using the effective interest method. The Limited Partnership has elected to continue to defer such transaction costs.

As at August 31, 2007, transaction costs relating to the term credit facilities consisted of net deferred financing costs of \$19.8 million. Accordingly, as at September 1, 2007, other assets were decreased by \$19.8 million and long-term debt was decreased by \$20.0 million and partners' opening deficit was decreased by \$0.2 million, to account for the measurement difference upon adoption of the effective interest rate method.

Hedges

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "*Hedging Relationships*", and the hedging guidance in Section 1651 "*Foreign Currency Translation*" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

The Limited Partnership has derivative contracts outstanding, to manage interest rate and foreign currency risks, where there is corresponding debt outstanding that qualifies for hedge accounting under the provisions of Section 3865. The Limited Partnership has designated its hedging relationships as cash flow hedges. In a cash flow hedge, the effective portion of the change in fair value of foreign currency and interest rate swaps is recognized in OCI and reclassified to net earnings during the periods when the variability of the cash flows of the hedged items affects net earnings. Cash flow hedges, in an effective designated relationship, are recorded on the balance sheet as hedging derivative instruments and cash flows are classified in the same categories as the hedged item. The ineffective portion is recognized in net earnings as interest expense. When payments are made on the underlying instruments, the realized portions of the amounts previously recognized in AOCL are reclassified to interest expense. When the hedging item ceases as a result of maturity, termination or cancellation,

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

then the amounts previously recognized in AOCL are reclassified to net earnings during the periods when the variability in the cash flows of the hedged items affects net earnings. Gains and losses on the foreign currency and interest rate swaps are reclassified immediately to net earnings when the hedged items are extinguished. On adoption, as at September 1, 2007, hedging derivative instruments were increased by \$31.2 million, long term debt was decreased by \$14.1 million, and opening AOCL was increased by \$17.1 million to measure the foreign currency and interest rate swaps at fair value on the consolidated balance sheet and the effective portion of the hedging relationship in AOCL.

During the three months ended February 29, 2008, the Limited Partnership reclassified \$1.1 million from AOCL to net earnings. During the six months ended February 29, 2008, the Limited Partnership reclassified \$1.6 million from AOCL to net earnings. This amount has been recorded as a charge to interest expense and represents the effect of the swap on the Limited Partnership's interest expense.

Impact upon adoption of new accounting standards

The following is a summary of the transition adjustments recorded in opening deficit and AOCL related to the adoption of these new accounting standards as at September 1, 2007.

	Increase/ (Decrease)
Deficit	
Change in accounting policy for transaction costs	<u>(248)</u>
Accumulated Other Comprehensive Loss	
Effective portion of unrealized loss on foreign currency and interest rate swaps designated as cash flow hedges	<u>17,122</u>

Proposed Accounting Policies

Capital disclosures

The Accounting Standards Board of the Institute of Chartered Accountants of Canada issued CICA 1535, "*Capital Disclosures*", effective September 1, 2008, which requires that a company disclose information that enables users of its financial statements to evaluate its objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences for non-compliance. The Limited Partnership is currently considering the impact of the adoption of such standards.

Inventories

The Accounting Standards Board of the Institute of Chartered Accountants of Canada issued CICA 3031, "*Inventories*", which must be applied by the Limited Partnership for fiscal years beginning on or after January 1, 2008. *CICA 3031* prescribes the measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost including allocation of overheads and other costs to inventory. Reversals of previous write-downs to net realizable value are permitted when there is a subsequent increase in the value of inventories. This accounting policy will not have a material impact on the Limited Partnership.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instrument disclosures

The Accounting Standards Board of the Institute of Chartered Accountants of Canada issued CICA 3862, *“Financial Instrument – Disclosures”*, and CICA 3863, *“Financial Instruments – Presentation”*, which the Limited Partnership must apply for its fiscal year beginning on September 1, 2008. These sections will replace existing Section 3861, *“Financial Instruments – Disclosure and Presentation”*. Presentation standards are carried forward unchanged. CICA 3862 revises and enhances the current disclosure requirement related to financial instruments. The additional disclosures include disclosures relating to the designation of each financial asset, assets held-for-trading, assets pledged for liabilities or contingent liabilities, allowance for credit losses, where an instrument has both liability and equity components and multiple embedded derivatives, accounting policies and the basis of measurement used in preparing the financial statements and qualitative and quantitative disclosures related to risks arising from financial instruments. The Limited Partnership is currently considering the impact of the adoption of such standards.

Goodwill and intangible assets

The Accounting Standards Board of the Institute of Chartered Accountants of Canada issued CICA 3064, *“Goodwill and intangible assets”*, which the Limited Partnership must apply for its fiscal year beginning September 1, 2009. CICA 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria when intangible assets can be recognized. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licensing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Limited Partnership is currently considering the impact of the adoption of such standards.

4. CANWEST LP TRANSACTIONS

On October 13, 2005, Canwest Income Fund (formerly CanWest MediaWorks Income Fund), (the “Fund”), completed its initial public offering (“IPO”) and issued 55.0 million units for gross proceeds of \$550.0 million. The Fund used these proceeds to indirectly acquire 55.0 million Class A Units of Canwest LP for gross proceeds of \$550.0 million. The Fund’s interest was reduced to 25.8% on November 13, 2005, as a result of Canwest converting the convertible note referred to below. Canwest LP paid the offering costs of \$35.1 million on behalf of the Fund, which resulted in a charge to the deficit of Canwest LP.

Prior to the closing of the IPO, the amounts due (to) from affiliated companies, including balances arising from accrued interest, and a dividend to Canwest of \$40.0 million were offset against the notes payable to affiliated companies. Canwest then transferred the remaining notes payable to affiliated companies of approximately \$2.3 billion, the common shares of Canwest Publishing Inc. and the assets and liabilities of the support and administrative functions owned by Canwest to CanWest LP in exchange for 154.1 million Class B Units in Canwest LP and notes payable in the amount of \$1,339.5 million and a convertible note in the amount of \$39.2 million. The convertible note had a term of 10 years, was convertible into 4.1 million Class B Units and bore interest at a rate equal to the distribution on 4.1 million Class B Units. On November 19, 2005, the convertible note was converted into 4.1 million Class B Units in accordance with provisions that required conversion if the Fund’s IPO over allotment option was not exercised. For the period the convertible note was outstanding, interest expense of \$0.2 million was accrued and subsequently paid.

4. CANWEST LP TRANSACTIONS (continued)

On closing of the IPO, Canwest LP drew \$850.0 million on its new credit facilities and subsequently repaid \$20.0 million to reduce its advances to \$830.0 million (see note 5).

The transferred assets and liabilities were recorded at their carrying value as at October 13, 2005, the date of the transfer. The excess consideration paid over the carrying value of the net assets transferred has been charged to partners' deficiency.

	Net consolidated assets transferred at carrying value
Current assets	201,270
Property and equipment	419,046
Other assets	21,074
Goodwill	92,322
Less liabilities assumed	(256,631)
Net assets acquired at carrying value	477,081
Cash consideration and value of the convertible note	(1,378,794)
Deficit charged to partners' deficiency	901,713

On November 13, 2005, the carrying value of the convertible note was transferred to Partners' Capital as result of the conversion of the note.

5. PRIVATIZATION

On May 5, 2007, the Fund, CWMW Trust ("the Trust"), Canwest, Canwest (Canada) Inc. (formerly "CanWest MediaWorks (Canada) Inc. ") and the Limited Partnership entered into the Privatization Agreement. The purpose of this agreement was to effect a going private transaction of the Fund. The unit holders voted on the privatization transaction at a special meeting held on July 4, 2007 and the transaction was approved with 99% approval.

On July 10, 2007, the Limited Partnership purchased and subsequently cancelled all 55.0 million issued and outstanding Class A Units held by the Trust for \$495.0 million and repaid its existing long term debt of \$825 million. The Limited Partnership paid transaction costs of \$2.2 million which resulted in a charge of \$1.9 million to the deficit, and an additional corporate expense of \$0.3 million. The Limited Partnership obtained a short term credit facility for \$1.3 billion on July 10, 2007 and used \$495.0 million to purchase the Class A Units, which were subsequently cancelled, and \$805.0 million dollars to repay long term debt. The Limited Partnership used cash on hand to repay the remaining \$20.0 million of long term debt.

The interest paid on the short term facility while it was outstanding was \$0.7 million.

As a result of this transaction, the Fund no longer has any interest in the Limited Partnership.

On July 13, 2007, the Limited Partnership drew \$1.4 billion on its new credit facilities (note 8) and used the proceeds to repay the \$1.3 billion short term credit facility, and to pay distributions of \$105.0 million to Canwest.

6. ACQUISITIONS

On November 17, 2007 Canwest LP acquired 100% of the shares of a group of community newspapers in Windsor, Ontario. The principal activity of these companies is to print and distribute weekly and monthly community based news. The Limited Partnership has preliminarily recorded goodwill of \$2.0 million as a result of this acquisition.

7. OTHER ASSETS

	<u>As at February 29, 2008</u>	<u>As at August 31, 2007</u>
Investments	1,123	1,123
Pension assets	11,157	12,063
Deferred financing costs (net of accumulated amortization)	3,070	23,252
Advertising rights (net of accumulated amortization)	489	561
Other	598	102
	<u>16,437</u>	<u>37,101</u>

Beginning September 1, 2007, financing costs are recorded as interest expense as they are amortized. Financing costs on non-revolving credit facilities have been reclassified against the corresponding long-term debt balance and are amortized using the effective interest method (note 3).

8. LONG TERM DEBT

	<u>As at February 29, 2008</u>	<u>As at August 31, 2007</u>
Senior Secured Credit Facilities ⁽¹⁾	793,929	841,170
Senior Subordinated Unsecured notes	384,280	422,480
Senior Subordinated Unsecured Credit Facility	74,112	75,000
	<u>1,252,321</u>	<u>1,338,650</u>
Effect of foreign currency swap	-	14,100
Long term debt	<u>1,252,321</u>	<u>1,352,750</u>
Less portion due within one year	4,589	5,000
Long term portion	<u>1,247,732</u>	<u>1,347,750</u>

The terms and conditions of the long term debt are the same as disclosed in the August 31, 2007 consolidated financial statements.

As described in note 3, the Limited Partnership has included debt issuance costs in the initial fair value of the related long term debt. Accordingly, as at September 1, 2007, long term debt was decreased by \$20.0 million.

(1) As at February 29, 2008, the Limited Partnership had drawn \$82.0 million (August 31, 2007 - \$85.0 million) on its revolver and had available \$166.5 million (August 31, 2007 - \$164.4 million), net of letters of credit of \$1.5 million (August 31, 2007 - \$0.6 million). This facility matures on July 13, 2012 and is subject to certain restrictions.

8. LONG TERM DEBT (continued)

Under its Senior Secured Credit Facilities, the Limited Partnership is required to maintain a fair value of interest rate swaps below a prescribed threshold of \$250 million.

As at February 29, 2008, unamortized debt issuance costs of \$18.9 million (net of accumulated amortization of \$1.4 million) are included in long-term debt.

The Senior Secured Credit Facilities noted above are secured by substantially all of the Limited Partnership's directly held assets including the assets of the Limited Partnership, Canwest (Canada) Inc. and Canwest Publishing Inc.

9. INCOME TAXES

The provision for income taxes reflects an effective income tax rate which differs from its combined Canadian federal and provincial statutory income tax rate as follows:

	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Income taxes at combined Canadian statutory income tax rate of 31.59% (February 28, 2007 - 33.32%)	6,709	11,572	25,083	33,662
Valuation allowance	-	110	-	263
Non-taxable portion of capital gains	-	(41)	-	(41)
Effect of income tax rates differing from the combined Canadian statutory income tax rate	(234)	(12)	(562)	20
Effect of change in expected future income tax rates	(3,614)	(43)	(2,963)	(43)
Partnership net earnings allocated to Limited Partners, and therefore not subject to tax	(10,484)	(16,808)	(21,449)	(33,686)
Non-deductible expenses	201	374	485	689
Other	(126)	(149)	(232)	(149)
Provision for (recovery of) income taxes	<u>(7,548)</u>	<u>(4,997)</u>	<u>362</u>	<u>715</u>

10. RETIREMENT ASSETS AND OBLIGATIONS

The Limited Partnership 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 defined benefit pension plans are based upon years of service and final average salary.

Information on the Limited Partnership's components of net periodic benefit cost for the benefit plans is presented below.

10. RETIREMENT ASSETS AND OBLIGATIONS (continued)

The Limited Partnership's pension benefit expense is determined as follows:

	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Current service costs	4,196	3,610	8,392	7,220
Employee contributions	(1,233)	(1,153)	(2,466)	(2,306)
Accrued interest on benefits	4,647	4,196	9,294	8,392
Return on plan assets	(4,523)	(3,883)	(9,046)	(7,766)
Past service costs	17	-	34	-
Net actuarial losses	1,078	1,201	2,155	2,402
Benefit expense	4,182	3,971	8,363	7,942
Employer contribution to the defined contribution plan	505	478	1,035	993
Total pension benefit expense	4,687	4,449	9,398	8,935

The Limited Partnership's post-retirement benefit expense is determined as follows:

	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Current service costs	422	389	844	778
Accrued interest on benefits	602	557	1,204	1,114
Total post-retirement benefit expense	1,024	946	2,048	1,892

11. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized loss on cash flow hedges	
	For the three months ended February 29, 2008	For the six months ended February 29, 2008
Balance, beginning of period	-	-
Cumulative impact on implementing new accounting standards (note 3)	-	(17,122)
Other comprehensive loss for the period	(10,891)	(20,824)
Balance, end of period	(10,891)	(37,946)

12. STOCK BASED COMPENSATION

Performance unit plan (“PUP”)

Prior to July 12, 2007, the Fund had established a PUP for the purpose of providing incentive compensation to officers and employees of, and providers of services to, the Fund and Canwest LP in the form of Performance Units.

On July 12, 2007, in connection with the privatization transaction referred to in note 5, the PUP was terminated whereby all of the Performance Units granted to PUP participants vested. As a result, each PUP participant received a cash payment in an amount per Performance Unit equal to the Unit Redemption price of \$9.00 multiplied by the applicable Performance Modifier in respect of such Performance Unit. This resulted in an additional expense of \$6.6 million for fiscal 2007 and a total cash payout on July 12, 2007 of \$9.7 million.

On November 6, 2006, 533,344 Performance Units were issued to employees of Canwest LP. The fair value of the Fund Units and Performance Units was estimated to be \$7.01 at the time of issuance. The total compensation expense for Performance Units, net of estimation for forfeitures, for the three months ended February 28, 2007 was \$0.5 million and for the six months ended February 28, 2007 was \$0.8 million. The total charge to deficit for Distribution Equivalents, net of an estimation for forfeitures, for the three months ended February 28, 2007 was \$0.2 million and for the six months ended February 28, 2007 was \$0.3 million.

Stock option and Restricted Share Unit Plan

In November 2007, the Board of Directors (“Board”) of Canwest Global Communications Corp. (“Canwest Global”), the ultimate parent company of the Limited Partnership, approved a new Stock Option and Restricted Share Unit Plan (the “Plan”) that will be settled through the issuance of shares of Canwest Global. The Plan provides for grants of stock options and restricted share units to employees of the Limited Partnership and its affiliates and the issuance of Subordinate Voting Shares and Non-Voting Shares (together being “Shares”) of Canwest Global upon the exercise of options or vesting of restricted share units. The Board has the authority to determine the manner in which the options granted pursuant to the Plan shall vest and other vesting terms applicable to the grant of options. Options may vest over a period of time (“Regular Options”) and/or may vest conditionally upon the attainment of specified market thresholds (“Market Threshold Options”) as determined by the Board. The Limited Partnership accounts for this compensation based on charges from Canwest Global. In general, the options vest over four years and expire in seven years after the grant date.

On November 6, 2007, the Board granted 339,100 Regular Options and 70,800 Market Threshold Options to employees of the Limited Partnership. All of these options vest over a four year period, expire on November 6, 2014 and were granted at an average exercise price of \$7.50 per option, the market trading value of the shares on that day. The fair value of the options granted was estimated using the binomial option pricing model with the assumptions of no dividend yield, an expected volatility of 28%, risk free interest rates of 4.2% and an expected life of 6 years. The total fair value of the Regular Options issued was \$0.9 million, an average of \$2.61 per option. The total fair value of the Market Threshold Options was \$0.2 million, an average of \$2.44 per option.

Eligible participants receive grants of Restricted Share Units (“RSU”), under the Plan, which are settled by the issuance of an equivalent number of Canwest Global Shares at the end of a three year term if the attainment of specified performance goals as determined by the Board have been met. Additional

12. STOCK BASED COMPENSATION (continued)

RSU's would be granted if Canwest Global declared dividends prior to the settlement date. On November 6, 2007, the Board granted 171,400 restricted share units to employees of the Limited Partnership. The fair value at the time of issuance was \$7.50 per RSU.

The Limited Partnership has recorded compensation expense of \$0.1 million with an offsetting credit to amounts due to affiliated companies for the three months ended February 29, 2008 and \$0.2 million with an offsetting credit to amounts due to affiliated companies for the six months ended February 29, 2008.

13. PARTNERS' CAPITAL

Canwest LP has the following Limited Partnership units issued and outstanding at February 29, 2008 and August 31, 2007:

- 158,262,703 Units issued to Canwest

The following units were issued and outstanding at February 28, 2007:

- Class A – 55,000,000 Units issued to the Fund through the Trust
- Class B – 158,262,703 Units issued to Canwest

Canwest (Canada) Inc., the general Partner of the Limited Partnership, holds an undivided interest of 0.001% in Canwest LP, as established by the Partnership Agreement.

On October 13, 2005, Canwest LP issued 55 million Class A Units for proceeds of \$550.0 million from the Fund through the Trust. Canwest LP paid the Fund's total issuance costs of the Funds' Units of \$35.1 million and charged the costs to the deficit. On October 13, 2005 Canwest LP issued 154.1 million Class B Units to Canwest in exchange for the transfer of the assets and operations described in note 5. On November 19, 2005, an additional 4.1 million Class B Units were issued on the conversion of the \$39.2 million note as described in note 4.

The 55 million Class A Units issued to the Trust were purchased at a cost of \$495.0 million by the Limited Partnership for cancellation in connection with the privatization transaction referred to in note 5. Also in connection with the privatization transaction, on July 10, 2007, the Limited Partnership agreement was amended, and among other things, the Class A and Class B designations were removed.

During the three months ended February 29, 2008, Canwest LP declared distributions of \$55.0 million (February 28, 2007 - \$49.4 million).

During the six months ended February 29, 2008, Canwest LP declared distributions of \$85.0 million (February 28, 2007 - \$99.2 million).

14. RESTRUCTURING

In November 2007, management made a decision to move the production functions of certain sections of the newspaper to one central location. Due to the move of these functions a workforce reduction plan was announced for the affected newspapers. The workforce reduction is expected to be complete by

14. RESTRUCTURING (continued)

the end of May 2008. Management expects that \$0.3 million of further costs relating to this workforce reduction plan will be incurred.

The Limited Partnership has recorded the workflow reduction amounts in accounts payable and accrued liabilities and has expensed these costs in restructuring expenses as follows:

	For the three months ended February 29, 2008	For the six months ended February 29, 2008
Restructuring liability, beginning of period	7,679	-
Accrued during the period	2,284	10,040
	<u>9,963</u>	<u>10,040</u>
Payments during the period	(5,055)	(5,132)
Restructuring liability, end of period	<u>4,908</u>	<u>4,908</u>

15. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Amounts due (from) to affiliated companies

Amounts due (from) to affiliated companies are related to obligations incurred by Canwest LP on behalf of affiliated companies and disbursements made on behalf of other Canwest companies outside Canwest LP and are accordingly classified as operating cash flows.

Total amounts due (to)/from affiliated companies are non-interest bearing and have fixed repayment terms.

(b) Related party transactions

Cross-promotional activities

Canwest LP and other Canwest entities are involved in cross-promotional activities whereby Canwest LP's entities provide advertising space in their newspaper and online media to other Canwest entities, and the Canwest LP's entities are provided with advertising time or space by the Canadian Broadcasting Operations and the *National Post*.

For the three months ended February 29, 2008, Canwest LP has recorded revenue of \$0.2 million related to these activities (three months ended February 28, 2007 - \$0.3 million).

For the six months ended February 29, 2008, Canwest LP has recorded revenue of \$1.0 million related to these activities (six months ended February 28, 2007 - \$1.7 million).

Editorial content

Canwest LP, the *National Post* and the Canadian Broadcasting Operations provide each other certain affiliation services related to editorial content. The *National Post* and the Canadian Broadcasting Operations contributed editorial content to the Canwest LP's online interactive services, and the *National Post* and Canadian Broadcasting Operations have access to the Canwest LP's editorial content, information and editorial services. For editorial content activities, Canwest LP,

15. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

the *National Post* and the Canadian Broadcasting Operations provide such services on a cost-recovery basis. Canwest LP has recorded a cost recovery of \$0.4 million for the three months ended February 29, 2008 (three months ended February 28, 2007 - \$0.4 million) and recovered costs of \$0.7 for the six months ended February 29, 2008 (six months ended February 28, 2007 - \$0.7 million).

These cost recoveries have been included in operating expenses.

Advisory, business and administrative services

Canwest LP provides a number of services to other Canwest entities as follows:

- (a) advisory services to the Canadian Broadcasting Operations and the *National Post* regarding corporate development, capital expenditures and other operational matters.
- (b) business and administrative support services to the Canadian Broadcasting Operations, *National Post* and other Canwest entities including information technology, human resources services, accounting and corporate development support services; and
- (c) customer support services to the Canadian Broadcasting Operations and the *National Post*.

Canwest LP and Canwest have entered into various agreements that outline the amount of the charges or the basis on which the charges above are determined.

For the three months ended February 29, 2008, Canwest LP recorded a recovery of \$4.0 million related to services provided to the Canadian Broadcasting Operations, *National Post*, and other Canwest entities (three months ended February 28, 2007 - \$4.0 million) and recovery of \$8.1 million for the six months ended February 29, 2008 (six month ended February 28, 2007 - \$8.0 million).

In addition, Canwest provides a number of services to Canwest LP as follows:

- (a) executive advisory services related to corporate development, strategic planning, capital allocation, financing, equity and debt holder relations, insurance and risk management, tax planning and certain operational matters; and
- (b) services related to legal, tax compliance, financial reporting, internal audit, investor and public relations, treasury, human resource management and capital asset management.

Canwest LP and Canwest have entered into various agreements that outline the amount of the charges or the basis on which the charges above are determined.

For the three months ended February 29, 2008, Canwest LP recorded expenses of \$1.1 million related to services received from Canwest (three months ended February 28, 2007 - \$1.2 million).

For the six months ended February 29, 2008, Canwest LP recorded expenses of \$2.2 million related to services received from Canwest (six months ended February 28, 2007 - \$2.4 million).

The above costs and recoveries have been included in operating expenses.

15. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Sales and marketing services

The sales and marketing division of Canwest provides Canwest LP with national advertising sales representation and charges a commission to Canwest LP for sales made on its behalf. During the three months ended February 29, 2008, costs associated with the national advertising sales representation were recorded in the amount of \$0.6 million (three months ended February 28, 2007 - \$3.4 million). During the six months ended February 29, 2008, costs associated with the national advertising sales representation were recorded in the amount of \$1.3 million (six months ended February 28, 2007 - \$6.9 million).

These costs have been included in operating expenses.

Printing and distribution services

Canwest LP performs printing and distribution services for the *National Post*. The total recoveries for the three months ended February 29, 2008 were \$3.4 million (three months ended February 28, 2007 - \$3.6 million). The total recoveries for the six months ended February 29, 2008 were \$7.1 million (six months ended February 28, 2007 - \$7.3 million)

These cost recoveries have been included in operating expenses.

Occupancy costs

Canwest LP recovers occupancy costs based upon a proportionate allocation of actual costs based upon the square footage occupied by the *National Post* and certain Broadcast operations. The total recoveries for the three months ended February 29, 2008 were \$0.4 million (three months February 28, 2007 - \$0.5 million) and for the six months ended February 29, 2008 \$0.8 (six months ended February 28, 2007 - \$0.9 million).

These cost recoveries have been included in operating expenses.

All the related party transactions have been recorded at the exchange amounts, which are the amounts agreed to by the related parties.

16. CONTINGENCIES

- (a) Canwest has requested arbitration related to amounts owed by Hollinger International Inc., Hollinger Canadian Newspapers Limited Partnership and certain other Hollinger entities (collectively, "Hollinger International") related to unresolved matters from Canwest's November 2000 acquisition of newspaper assets from Hollinger International. Hollinger International disputes this claim and claims that it and certain of its affiliates are owed \$113.3 million by Canwest. Canwest LP has made \$5.5 million in payments on behalf of Hollinger and has recorded such amounts as accounts receivable. If Canwest is not successful in recovering this claim, the receivable will be written off by Canwest LP. Canwest has agreed to indemnify Canwest LP against the Hollinger International claim of \$113.3 million, except for the amount recorded as a receivable by Canwest LP. The final outcome and recoverability of these amounts is not currently determinable as the arbitration process has not been completed.

16. CONTINGENCIES (continued)

- (b) Canwest Publishing Inc. is one of several defendants to a claim by a proposed class of freelance writers instituted in July 2003 in respect of works that they provided to newspapers and other print publications in Canada. The total amount claimed (by all plaintiffs against all defendants) is \$500 million in compensatory damages and \$250 million in exemplary and punitive damages. While the final outcome of these proceedings is not currently determinable, any liability that may arise is not expected to have a material effect on the financial position or results of operations of the Canwest LP. Canwest has agreed to indemnify Canwest LP with respect to all of its potential liability in connection with this claim.
- (c) Canwest LP 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 Canwest LP's financial position, results of operations or cash flows.

17. SEGMENTED INFORMATION

Canwest LP has two operating segments, both in Canada, being the Newspapers segment and the Interactive segment. The Newspapers segment publishes daily and non-daily newspapers. Its revenues are primarily from advertising and circulation. The Interactive segment operates the *canada.com* web portal and provides subscription services relating to investing and financial news and other information. Its revenues are primarily from subscriptions and advertising.

Each segment operates as a strategic business unit with separate management. Segment performance is measured primarily upon the basis of segment operating profit. Segmented information and a reconciliation from segment operating profit to earnings before income taxes are presented below. Canwest LP accounts for intersegment sales as if the sales were to third parties.

	Revenue			
	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Operating Segments				
Newspapers	274,898	270,538	599,159	579,833
Interactive	8,729	8,201	17,028	16,114
Inter-segment revenues	(626)	(766)	(1,359)	(1,523)
Total operating segments	<u>283,001</u>	<u>277,973</u>	<u>614,828</u>	<u>594,424</u>

17. SEGMENTED INFORMATION (continued)

Segmented Operating Profit

	For the three months ended		For the six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
Operating Segments				
Newspapers	58,736	56,973	152,335	145,887
Interactive	2,727	408	5,413	2,176
Total operating segments	<u>61,463</u>	<u>57,381</u>	<u>157,748</u>	<u>148,063</u>
Reconciliation of segment operating profit to earnings before income taxes for the period				
Total operating segments	61,463	57,381	157,748	148,063
Corporate allocations ⁽¹⁾	(1,091)	(1,196)	(2,182)	(2,392)
	<u>60,372</u>	<u>56,185</u>	<u>155,566</u>	<u>145,671</u>
Amortization of property and equipment	(11,462)	(12,628)	(23,129)	(25,122)
Other amortization	(48)	(40)	(98)	(80)
Interest expense, net	(27,067)	(10,081)	(54,725)	(20,878)
Amortization of deferred financing costs	-	(413)	-	(826)
Other income	731	762	1,462	1,525
Gain on disposal of property and equipment	10	701	13	713
Foreign currency exchange gains	52	285	316	24
Earnings before income taxes	<u>22,588</u>	<u>34,771</u>	<u>79,405</u>	<u>101,027</u>

(1) Costs related to the allocation of the general corporate expenses and other allocations as described in note 15.