Canwest Global Communications Corp.
Interim Report to Shareholders

For the three and six months ended February 28, 2009 and February 29, 2008

To the shareholders of Canwest Global Communications Corp.

Following is the report on the financial results for the second quarter and six months ended February 28, 2009, Canwest reported the following:

LEONARD ASPER
President and Chief Executive Officer
Canwest Global Communications Corp.

- Consolidated revenues for the second quarter were $637 million compared to $701 million for the same period last year.
- Operating profit[1] before restructuring and impairment expenses was $75 million for the second quarter, a decline of 31% compared to $109 million in the second quarter of fiscal 2008.
- For the three months ended February 28, 2009, the Company reported a net loss of $1.44 billion or a loss of $8.09 per share – including a non-cash $1.19 billion write-down of goodwill, intangible assets and property and equipment, compared to a loss of $34 million of $0.19 per share for the same period last year. Approximately 83% of the write-down relates to Canwest's Publishing operations.
- For the first six months of fiscal 2009, revenues decreased 3% to $1.52 billion and operating profit before restructuring and impairment expenses declined by 22% to $295 million.
- For the six months ended February 28, 2009, the Company reported a net loss of $1.47 billion or a loss of $8.27 per share, compared to net earnings of $7 million or $0.26 per share for the same period last year.
- Adjusted net earnings[2] for the second quarter were negative $44 million or negative $0.25 per share, compared to negative $16 million or negative $0.09 per share from the same quarter in fiscal 2008. For the first six months of fiscal 2009, adjusted net earings were negative $16 million or negative $0.09 per share compared to $46 million or $0.26 per share for the same period last year.

The nature of the write-downs are consistent with those of other media organizations throughout North America and which reflect lower future profit expectations as a result of the current outlook for advertising in the operations. All are non-cash charges to income that do not affect Canwest's liquidity, cash flows from operating activities, debt covenants or have any impact on future operations.

In spite of the recessionary economy and continued losses at most of our local television stations, our underlying businesses were able to generate $295 million in operating profits before restructuring and impairment expenses for the first half of the fiscal year. We continue to out-perform the industry in several areas including audience growth. At the same time, our focus on reducing costs while transforming the business should position us to take advantage of a growing advertising market as the economy begins to improve.

Segmented Results

Publishing

Revenues for the Company's publishing operations for the second quarter were $258 million, 16% lower than revenues of $306 million for the same period in fiscal 2008. Publishing EBITDA of $32 million for the second quarter was down 46% from $60 million in fiscal 2008. For the six months ended February 28, 2009, revenues were $593 million and EBITDA was $106 million down 11% and 35% respectively, from similar periods last year. The declines in revenues and operating profits, partially offset by lower operating expenses, continue to reflect the impact of global economic pressures felt across all markets.

Canadian Television combined (Canadian Television and CW Media)

Canadian television operations, including the CW Media specialty television operations reported second quarter revenues of $234 million, in line with the previous year. Operating profit in the second quarter was $32 million, up 60% compared to $20 million the previous year. For the six months ended February 28, 2009, revenues were $540 million and EBITDA was $108 million flat and up 21% respectively, from similar periods last year. These results continue to reflect the strong industry leading performance of the specialty television operations as well as merger synergies and other cost containment initiatives.

Australian Television

Network TEN's second quarter revenue of $112 million was down 19% from $139 million during the same quarter in fiscal 2008. Network TEN's EBITDA of $19 million was down 45% from the $35 million a year earlier. For the six months ended February 28, 2009, reported revenues were $314 million and EBITDA was $94 million, down 18% and 32% respectively, from similar periods last year. These results were impacted by the decline in the advertising market and the absence of the Rugby World Cup and AFL Grand Final and the residual impact of the Beijing Olympics.

Highlights of the second quarter and subsequent period

• Canwest announced actions aimed at strengthening its balance sheet including:

- A strategic review of its five conventional television stations in Hamilton (CHCH), Victoria (CHEK), Montreal (CJNT), Red Deer (CHCA) and Kelowna (CHBC);
- $34 million settlement of an arbitration award relating to a dispute with Sun-Times Media Group Inc. (formerly Hollinger Inc.);
- Selling its holdings in Score Media Inc. and;
- Selling the New Republic magazine.

• Canwest digital network attracted on average 7.1 million unique visitors monthly in the News and Information category, a 58% increase from the second quarter last year.

• Canwest has 5 of the top 10 specialty analog channels[3] up from 4 last year. History Television has become the second most watched specialty channel as its audience has increased by 43% and Showcase has increased its audience by 34%.

• Canwest maintained its dominance of specialty digital channels with 8 of the Top 10 digital channels[3].

• Network TEN in Australia launched its new 24-hour digital terrestrial sports channel ONE. ONE is available in both High Definition digital and Standard Definition digital reaching more than 60% of the Ten Television mainland metropolitan markets.

Outlook:

Looking forward, the Company anticipates that advertising revenues will continue to be negatively impacted by persisting uncertain economic conditions, with the exception of specialty channels and digital sectors. Canwest remains focused on reducing operating expenses and improving operational efficiencies while pursuing the reorganization of its capital structure as referred to below.

As previously disclosed and reported in its interim consolidated financial statements for the three and six months ended February 28, 2009, Canwest Media Inc. has not complied with the terms of its senior secured credit facility and has not paid interest under the senior subordinated notes which was due on March 15, 2009. On April 7, 2009, the senior secured lenders agreed to waive the events of default arising as a result of the failure to comply with certain covenants until April 21, 2009. During this period the Company will have limited access to additional credit under the senior secured credit facility. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of holders of 8% senior subordinated note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forbearance agreement aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of its stakeholders. Failure to reach agreement on a further waiver from the senior lenders and forbearance from the holders of the senior subordinated notes could result in a demand to immediately repay the related debt.

Respectfully submitted,

LEONARD ASPER
President and Chief Executive Officer
Canwest Global Communications Corp.

April 2009
Winnipeg, Canada

Notes:

(1) Operating profit is defined as earnings before interest, income taxes, amortization of intangibles and property and equipment, other amortization, accretion of long-term liabilities, interest income, interest rate and foreign currency swap gains (losses), foreign exchange gains (losses), investment gains, losses and write-downs, impairment losses on property and equipment, intangible assets and goodwill, minority interest, interest in earnings of equity accounted affiliates, realized currency translation adjustments and loss from discontinued operations. This supplementary earnings measure does not have a standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies nor should it be viewed as an alternative to net earnings. When used in relation to our operating segments it is a GAAP measure in that is our segment profitability measure. The reconciliation of operating profit to net earnings is evident on the face of the following consolidated statements of earnings.

(2) Excludes the impact of foreign currency and interest rate swap gains/losses, foreign exchange gains/losses, investment gains, losses and write-downs, impairments of property and equipment, intangibles and goodwill, restructuring expenses, broadcast rights impairments, discontinued operations, related income tax effects and future income tax valuation allowances.

(3) In the Adult 25-54 demographic.

CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

April 8, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

This Management Discussion and Analysis ("MD&A") contains certain comments or forward-looking statements about our objectives, strategies, financial conditions, results of operations and businesses. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on our current expectations about our business and the markets we operate in, and on various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause our results to differ materially from our current expectations are discussed in the section entitled "Risk Factors" contained in our Annual Information Form for the year ended August 31, 2008 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com) and risks related to our going concern which are discussed herein. We disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

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OVERVIEW

Canwest Global Communications Corp. ("we, us or our") is an international media company and is one of Canada's largest media companies. We are Canada's largest publisher of English language daily newspapers, and own, operate and/or hold substantial interests in free-to-air and subscription-based television networks, out-of-home advertising, websites, radio stations and networks in Canada, Australia and Turkey.

KEY FACTORS AFFECTING SEGMENT REVENUE AND OPERATING INCOME

Television Broadcast

We have three television segments. Our Canadian television segment includes our television networks in Canada as well as TVtropolis and our five Canadian specialty television channels. The CW Media television segment includes the operations of Canadian specialty television channels held by CW Investments Co. ("CW Media") which were equity accounted until December 20, 2007, when the Canadian Radio-television and Telecommunications Commission ("CRTC") approved the transfer of effective control, after which the balance sheet and the results from operations were consolidated. Our Australian television segment includes our interest in Ten Network Holdings Limited ("Ten Holdings"), which owns and operates Ten Television Network ("Network TEN").

We generate the majority of our television revenue from the sale of advertising, with the remainder generated from subscriber revenue earned by our specialty channels. Subscriber revenue is recorded monthly based on subscriber levels. 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 revenue on the ratings performance of our television programs makes our television revenue less predictable than our publishing revenue.

For the remainder of fiscal 2009, we expect our advertising revenue for our Canadian television and CW Media television operations to be negatively affected by weakened economic conditions. In general, we expect to sustain or improve the ratings performance of our television channels as it relates to our audience share and that the performance of our specialty television channels will continue to outpace that of our conventional television channels. We expect that subscriber revenue which makes up approximately 4% of our Canadian television revenue and 41% of our CW Media television revenue will remain stable. In Australia, we expect television advertising revenue to continue to be negatively affected by weakened economic conditions.

Publishing

Our publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers as well as operation of *canada.com* and other internet operations. All of our publishing operations with the exception of the *National Post* are held by the Canwest Limited Partnership ("Limited Partnership"). Our publishing revenue is primarily earned from newspaper advertising, circulation revenue from our newspapers and digital advertising revenue from our internet operations. Our newspaper and interactive advertising revenue are a function of the volume or linage of advertising sold and the rates we charge. Circulation revenue is produced from home-delivery subscriptions for our newspapers and single-copy sales at retail outlets and vending machines. Circulation revenue is a function of the number of newspapers we sell and the average per copy prices we charge.

For the remainder of fiscal 2009, we expect the challenging advertising market to continue as a result of weakened economic conditions. In this environment, we expect revenue growth from our online revenue to continue, but this growth will not offset the declines in our newspaper revenue which are expected to continue. We expect that our circulation revenue will remain relatively constant due to increased price per copy of our publications. We expect newsprint prices to increase for the remainder of fiscal 2009 compared to fiscal 2008 but that this increase will be more than offset by decreases in newsprint consumption. We expect our other expenses to decrease moderately over the remaining of fiscal 2009. Salary costs will decrease slightly as normal salary escalations will be more than offset by a lower number of employees. Distribution costs will decrease due to lower insert volumes and fuel costs.

Radio

Our radio segment consists of our radio operations in Turkey, which earns substantially all of their revenue from advertising. Radio advertising revenue is a function of overall radio advertising demand and advertising rates. Radio advertising rates are determined based on the number and demographics of our listeners. For the remainder of fiscal 2009, we expect a challenging advertising market in Turkey as a result of the weakening global economic conditions.

Out-of-home advertising

Our Out-of-home advertising segment consists of Network TEN's wholly owned subsidiary, Eye Corp which generates revenue from the sale of out-of-home advertising. Eye Corp's advertising revenue is a function of overall out-of-home 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. For the remainder of fiscal 2009, we expect a challenging advertising market as a result of the weakening global economic conditions.

Foreign currency effects

We operate internationally and have exposure arising from our Australia and Turkey operations. Our Australia and Turkey operations expose our revenue and operating expenses to fluctuations between the Canadian dollar and the Australian dollar and Turkish Lira, respectively. A decline in value of the Canadian dollar against those currencies increases the Canadian dollar equivalent of the revenue and expenses we record in those currencies. An increase in the Canadian dollar has the opposite effect.

During the six months ended February 28, 2009, the Canadian dollar appreciated against the Australian dollar by 7% and the Turkish Lira by 5% as compared to currency translation rates for the same period in the prior year.

Seasonality

Our advertising revenue is seasonal. Revenue is typically highest in the first and third quarters, while expenses are relatively constant throughout the year.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal control over financial reporting during the six months ended February 28, 2009 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

OPERATING RESULTS

Introductory Note

Segment operating profit

In the discussion that follows, we provide information concerning our segment operating profit. See note 20, Segment Information, to our interim unaudited consolidated financial statements. Management utilizes segment operating profit as a measure of segment profitability in making strategic resource allocations.

Operating income before amortization

We also discuss our consolidated operating income before amortization. We provide this measure because we and our lenders and investors use operating income before amortization to measure performance against our various leverage covenants. Operating income before amortization is not a recognized measure of financial performance under GAAP. Investors are cautioned that operating income before amortization should not be construed as an alternative to net earnings (loss) determined in accordance with GAAP as an indicator of our performance. Our method of calculating operating income before amortization may not be comparable to similarly titled measures used by other companies. A reconciliation of operating income before amortization to net earnings (loss), which is the most closely comparable GAAP measure, is provided in the "Reconciliation of Non-GAAP Financial Measures" section of this MD&A.

For the Three Months Ended February 28, 2009

Following is a table summarizing segment results for the three months ended February 28, 2009 and February 29, 2008. See note 20, Segment Information, to our interim unaudited consolidated financial statements:

	Revenue		Segment Operating Profit	
	2009	2008[1]	2009	2008[1]
	$000	$000	$000	$000
Operating Segments				
Publishing	257,729	305,586	32,432	60,206
Television				
Canada	146,290	150,496	(265)	(7,182)
CW Media	87,459	83,770	31,830	26,871
	233,749	234,266	31,565	19,689
Australia	111,764	138,652	19,348	35,101
	345,513	372,918	50,913	54,790
Radio – Turkey	2,138	3,346	943	1,093
Out-of-home	31,797	39,070	(1,293)	1,706
Inter-segment revenue	(549)	(738)	-	-
Corporate and other	-	-	(7,659)	(9,239)
	636,628	720,182	75,336	108,556
Restructuring expenses	-	-	(19,728)	(4,611)
Broadcast rights impairments	-	-	(40,196)	-
	636,628	720,182	15,412	103,945
Elimination of equity accounted affiliates[2]	-	(19,644)	-	(9,025)
Total revenue[3]	636,628	700,538		
Operating income before amortization			15,412	94,920

(1) Revised to reflect the classification of our United Kingdom radio segment and *The New Republic* as discontinued operations.
(2) Elimination of our equity interest in regulated entities of CW Media.
(3) Revenue consists of advertising revenue of $521 million (2008 - $637 million) and circulation and subscriber revenue of $115 million (2008 - $63 million).

Consolidated Results

Revenue. Consolidated revenue decreased by $64 million, or 9%, to $637 million for the three months ended February 28, 2009 as compared to $701 million for the same period in fiscal 2008. Compared to last year, including the CW Media in-trust operations, consolidated revenue decreased by $84 million or 12%. The decrease reflects softening advertising markets and was prevalent across all operating segments with the exception of CW Media where revenue increased by 4%.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased by $16 million, or 3%, to $621 million for the three months ended February 28, 2009 as compared to $606 million for the same period in fiscal 2008. Compared to the three months ended February 29, 2008 including the CW Media in-trust operating expenses, consolidated expenses increased by $5 million or 1%. This reflects a $55 million increase in restructuring and program impairments partly offset by operating expense decreases in Publishing of 8%, Canadian and Australia television of 7% and 11%, respectively, Turkey radio of 47% and Out-of-home advertising by 11%.

Operating income before amortization. Consolidated operating income before amortization decreased by $80 million, or 84%, to $15 million for the three months ended February 28, 2009 as compared to $95 million for the same period in fiscal 2008. Compared to the three months ended February 29, 2008 including the CW Media in-trust operating income before amortization, consolidated operating income before amortization decreased by $89 million, or 85%. The decrease in operating income before amortization reflects the decline in our Publishing, Australian television, Out-of-home and Turkey radio segments partly offset by increases in Canadian and CW Media television.

Amortization. Amortization of intangibles remained consistent at $2 million for the three months ended February 28, 2009 as compared to the same period in fiscal 2008. Amortization of property and equipment remained consistent at $28 million for the three months ended February 28, 2009 and February 29, 2008.

Interest expense. Interest expense was $76 million for the three months ended February 28, 2009 compared to $78 million in the same period in fiscal 2008 primarily due to decreased interest rates.

Accretion of long-term liabilities. For the three months ended February 28, 2009, we have recorded an accretion expense of $10 million compared to $24 million in the same period in fiscal 2008 related to the discounting of certain long-term liabilities which are accreted to their estimated value over the term of these liabilities. The charge is primarily related to the Goldman Sachs puttable interest in CW Investments which is classified as a financial liability with an estimated accretion rate of 19%. We estimate the fair value of the puttable interest liability based on management's forecasts. Included in accretion expense for the three months ended February 28, 2009, is a credit of $18 million from the adjustment to the future estimated cash flows.

Interest rate and foreign currency swap gains/losses. For the three months ended February 28, 2009, we recorded a net loss of $7 million, compared to $13 million in the same period in fiscal 2008, to adjust the book value of certain swap instruments to fair value at the balance sheet date. This relates to fair value hedge adjustments and swaps that do not qualify for hedge accounting, primarily because the related debt has been settled.

Foreign exchange gains/losses. We recorded net foreign exchange losses of $16 million for the three months ended February 28, 2009 primarily related to the foreign currency losses related to U.S. dollar denominated debt that is not hedged and inter-company advances to our Turkish operations. For the three months ended February 29, 2008, we recorded net foreign exchange losses of $2 million primarily related to inter-company advances to our Turkish operations offset by gains related to U.S. dollar denominated debt that is not hedged.

Investment gains, losses and write-downs. We recorded investment losses of $6 million for the three months ended February 28, 2009 primarily due to losses recorded on certain investments, compared to investment losses of less than $1 million primarily related to the disposal of property and equipment.

Impairment loss on property and equipment. We recorded impairment losses of $32 million for the three months ended February 28, 2009. The loss is due to an impairment of property and equipment in our E! Network stations and Out-of-home segments due to lower future profit expectations as a result of the current outlook for the advertising market for these operations.

Impairment loss on intangible assets. We recorded impairment losses on intangible assets of $239 million for the three months ended February 28, 2009. The loss is due to an impairment of broadcast licences of Canadian television and Turkey radio, mastheads in Publishing and site licences in Out-of-home reporting units due to lower future profit expectations as a result of the current outlook for the advertising market for these operations.

Impairment loss on goodwill. We recorded impairment losses on goodwill of $923 million for the three months ended February 28, 2009. The loss is primarily due to an impairment of goodwill in Publishing, Turkey radio, and Out-of-home reporting units due to lower future profit expectations as a result of the current outlook for the advertising market growth for these operations.

Income taxes. For the three months ended February 28, 2009, we recorded income tax expense of $137 million. The effective tax rate was different than our statutory rate of 31% as a result of adjustments in the income tax expense including: $323 million expense related to goodwill and intangible asset impairments, $211 million expense related to changes in valuation allowance, $4 million expense related to changes in future tax rates and $3 million expense related the to the non-taxable portion of capital losses. See note 8 to the interim consolidated financial statements for additional information.

Minority interests. For the three months ended February 28, 2009, we recorded minority interest recovery of $29 million related to the 43% minority interest in Ten Holdings and minority interest charges of $4 million related to certain specialty television stations not wholly-owned by Canadian and CW Media television segments. The minority interest charge related to Ten Holdings decreased compared to the same period in fiscal 2008 because Ten Holdings recorded a net loss for the three months ended February 28, 2009.

Interest in equity accounted affiliates. For the three months ended February 28, 2009, we recorded interest in equity accounted affiliates of less than $1 million as compared to $20 million for the same period in fiscal 2008. In fiscal 2008, the interest in equity accounted affiliates primarily related to the operations of CW Media, which were equity accounted while held in trust until December 20, 2007 and which are now consolidated.

Net loss from continuing operations. Our net loss from continuing operations for the three months ended February 28, 2009 was $1,434 million, or a loss of $8.07 per share compared to a net loss of $31 million or a loss of $0.17 per share for the same period in fiscal 2008.

Discontinued operations. For the three months ended February 28, 2009 and 2008, the loss from discontinued operations was $3 million reflecting the losses of the United Kingdom radio segment, which was sold in July 2008, and *The New Republic* which was sold in March 2009.

Net loss. Our net loss for the three months ended February 28, 2009 was $1,436 million, or a loss of $8.09 per share, compared to a net loss of $34 million, or a loss of $0.19 per share, for the same period in fiscal 2008.

Segment Results

Publishing

Revenue. Revenue decreased by $48 million, or 16%, to $258 million for the three months ended February 28, 2009 as compared to $306 million for the same period in fiscal 2008. Advertising revenue decreased by 20% for the three months ended February 28, 2009 compared to the same period in fiscal 2008 as a result of declines in all advertising categories. Circulation revenue for the three months ended February 28, 2009 decreased by 2% as compared to the same period in fiscal 2008 as a 6% decrease in circulation volume was partly offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the Publishing segment was approximately 24% for the three months ended February 28, 2009 compared to 20% for the same period in fiscal 2008.

Operating expenses. Operating expenses decreased by $20 million, or 8%, to $225 million for the three months ended February 28, 2009 as compared to $245 million for the same period in fiscal 2008. The decreases primarily relate to cost containment activities that include wage costs as a result of employee severance, reductions in distribution costs and marketing and promotions expenses. Expense reductions were partly offset by a 3% increase in newsprint expense, reflecting a 25% increase in newsprint prices partly offset by a 18% decrease in newsprint consumption.

Segment operating profit. Segment operating profit for the three months ended February 28, 2009 decreased by $29 million, or 47%, to $32 million as compared to $60 million for the same period in fiscal 2008. The decrease resulted primarily from decreased revenue as discussed above.

Canadian television

Revenue. Revenue from our Canadian television operating segment decreased by $4 million or 3% to $146 million for the three months ended February 28, 2009 as compared to $150 million for the same period in fiscal 2008. This reflected a 4% decline in conventional television advertising revenue resulting from the current economic downturn.

Decreases in conventional television advertising revenue were partly offset by a 6% increase in advertising revenue of our specialty channels. Subscriber revenue from our specialty channels decreased by 6% for the three months ended February 28, 2009 as compared to the same period in fiscal 2008, due to the shut down of CoolTV channel in the fourth quarter of fiscal 2008 and Xtreme Sports channel during the first quarter of fiscal 2009.

Operating expenses. For the three months ended February 28, 2009, operating expenses (including selling, general and administrative expenses) of our Canadian television operations of $147 million were $11 million, or 7%, lower than the same period in fiscal 2008, resulting from lower staffing levels due to the digital news initiative, merger synergies, restructuring activities and reductions of marketing and promotional costs which were partly offset by a 4% increase in program amortization.

Segment operating profit. The Canadian television segment reported a nominal loss for the three months ended February 28, 2009 as compared to a loss of $7 million in the same period in fiscal 2008, reflecting the decrease in revenue offset by the decreases in expenses described above.

CW Media television

Revenue. Revenue from our CW Media television operating segment increased by $4 million or 4% to $87 million for the three months ended February 28, 2009 as compared to $84 million for the same period in fiscal 2008. This reflected an increase in advertising revenue of 4% and an increase in subscriber revenue of 7% for the three months ended February 28, 2009 compared to the same period in fiscal 2008.

Operating expenses. For the three months ended February 28, 2009, operating expenses (including selling, general and administrative expenses) of our CW Media operations of $56 million were 2% lower compared to the same period in fiscal 2008, primarily as a result of lower staffing costs as a result of merger synergies and promotion costs. This decrease was offset by a 9% increase in program amortization expense primarily due to timing.

Segment operating profit. The CW Media television segment operating income of $32 million for the three months ended February 28, 2009 was $5 million or 18% higher than the same period in fiscal 2008 primarily reflecting the increase in revenue described above.

Australian television

Revenue. Segment revenue decreased by 19% to $112 million for the three months ended February 28, 2009 from $139 million for the same period in fiscal 2008. In local currency, revenue decreased by 12%, reflecting the impact of the deterioration of the advertising market. The effect of the weakening currency relative to the Canadian dollar decreased revenue by $10 million for the three months ended February 28, 2009.

Operating expenses. Segment operating expenses decreased 11% to $92 million for the three months ended February 28, 2009 as compared to $104 million for the same period in fiscal 2008. This reflected a 3% decrease in operating expenses in the local currency, primarily reflecting management's efforts to contain costs. The effect of the weakening currency relative to the Canadian dollar decreased operating expenses by $8 million for the three months ended February 28, 2009.

Segment operating profit. Segment operating profit decreased by 45% to $19 million for the three months ended February 28, 2009 as compared to $35 million for the same period last year as a result of the decrease in revenue partly offset by decreases in expenses described above.

Turkey radio. During the three months ended February 28, 2009, segment revenue of $2 million was down 36% and segment operating income was down 14% to $1 million compared to the same period in fiscal 2008, primarily caused by the weakening economy in Turkey.

Out-of-home advertising. Revenue from our Out-of-home advertising segment decreased by 19%, or $7 million, to $32 million for the three months ended February 28, 2009 as compared to the same period in fiscal 2008. In local currency, revenue decreased by 12% compared to February 29, 2008, primarily as a result of the weakening economies in which it operates. The effect of the weakening currency relative to the Canadian dollar decreased revenue by $3 million for the three months ended February 28, 2009. Our segment operating loss from the Out-of-home advertising operations was $1 million for the three months ended February 28, 2009 as compared to operating income of $2 million in the same period in fiscal 2008.

Corporate and other. Corporate expenses decreased by $2 million or 17% to $8 million for the three months ended February 28, 2009 as compared to $9 million for the same period in fiscal 2008. The reduction is primarily a result of lower payroll and benefit costs and a reduction of discretionary spending.

Restructuring. During the first quarter, we announced initiatives to reduce staffing levels in our Canadian television, CW Media and Publishing operations by 462 positions. During the three months ended February 28, 2009 we accrued $18 million related to these initiatives. Restructuring also includes $2 million related to professional costs associated with the ongoing corporate recapitalization activities. See note 7 of our unaudited interim consolidated financial statements for additional information.

Broadcast rights impairments. During the three months ended February 28, 2009, we evaluated the valuation of broadcast rights in the E! Network stations and Australian television and wrote down broadcast rights by $40 million.

For the Six Months Ended February 28, 2009

Following is a table summarizing segment results for the six months ended February 28, 2009 and February 29, 2008. See note 20, Segment Information, to our interim unaudited consolidated financial statements:

	Revenue		Segment Operating Profit	
	2009	2008[1]	2009	2008[1]
	$000	$000	$000	$000
Operating Segments				
Publishing	592,704	666,349	106,284	162,800
Television				
Canada	346,205	361,288	31,457	25,068
CW Media	193,558	180,897	76,113	64,003
	539,763	542,185	107,570	89,071
Australia	313,945	380,988	93,732	138,606
	853,708	923,173	201,302	227,677
Radio – Turkey	5,484	6,910	2,234	2,677
Out-of-home	70,994	81,357	2	4,848
Inter-segment revenue	(1,178)	(2,276)	-	-
Corporate and other	-	-	(14,863)	(18,751)
	1,521,712	1,675,513	294,959	379,251
Restructuring expenses	-	-	(34,503)	(16,256)
Broadcast rights impairments	-	-	(40,196)	-
	1,521,712	1,675,513	220,260	362,995
Elimination of equity accounted affiliates[2]	-	(108,767)	-	(44,440)
Total revenue[3]	1,521,712	1,566,746	-	-
Operating income before amortization			220,260	318,555

(1) Revised to reflect the classification of our United Kingdom radio segment and *The New Republic* as discontinued operations.
(2) Elimination of our equity interest in regulated entities of CW Media.
(3) Revenue consists of advertising revenue of $1,290 million (2008 - $1,390 million) and circulation and subscriber revenue of $232 million (2008 - $177 million).

Consolidated Results

Revenue. Consolidated revenue decreased by $45 million, or 3%, to $1,522 million for the six months ended February 28, 2009 as compared to $1,567 million for the same period in fiscal 2008. Consolidated revenue for the six months ended February 29, 2008 does not include revenue from CW Media which was equity accounted while its operations were held in trust. Compared to last year, including the CW Media in-trust operations, consolidated revenue decreased by $154 million or 9%. The decrease primarily reflects softening advertising markets and was prevalent across all operating segments with the exception of CW Media where revenue increased by 7%.

Operating expenses. Consolidated operating expenses (including selling, general, and administrative expenses) before amortization increased $53 million, or 4%, to $1,301 million for the six months ended February 28, 2009 as compared to $1,248 million for the same period in fiscal 2008. Compared to the six months ended February 29, 2008 including the CW Media in-trust operating expenses, consolidated expenses were 1% lower. This reflects decreases in Publishing of 3%, Canadian and Australian television of 6% and 9%, respectively, Turkey radio of 23% and Out-of-home advertising by 7% partly offset by changes in restructuring and program impairments of $58 million.

Operating income before amortization. Consolidated operating income before amortization decreased by $98 million, or 31%, to $220 million for the six months ended February 28, 2009 as compared to $319 million for the same period in fiscal 2008. Compared to the six months ended February 29, 2008, including the CW Media in-trust operating income before amortization, consolidated operating income before amortization decreased by $143 million, or 39%. The decrease in operating income before amortization reflects the decline in our Publishing, Australian television, Out-of-home and Turkey radio segments partly offset by Canadian television and CW Media television.

Amortization. Amortization of intangibles remained consistent at $4 million for the six months ended February 28, 2009 as compared to $5 million for the same period in fiscal 2008. Amortization of property and equipment was $54 million for the six months ended February 28, 2009 as compared to $53 million for the six months ended February 29, 2008 reflecting acquisitions made in fiscal 2009 and 2008.

Interest expense. Interest expense was $156 million for the six months ended February 28, 2009 compared to $160 million in the same period in fiscal 2008 primarily due to decreased interest rates.

Accretion of long-term liabilities. For the six months ended February 28, 2009, we have recorded an accretion expense of $38 million compared to $48 million in the same period in fiscal 2008 related to the discounting of certain long-term liabilities which

are accreted to their estimated value over the term of these liabilities. The charge is primarily related to the Goldman Sachs puttable interest in CW Investments which is classified as a financial liability with an estimated accretion rate of 19%. We estimate the fair value of the puttable interest liability based on management's forecasts. Included in accretion expense for the six months ended February 28, 2009, is a credit of $18 million from the adjustment to the future estimated cash flows.

Interest rate and foreign currency swap gains/losses. For the six months ended February 28, 2009, we recorded a net gain of $20 million, compared to a net loss of $41 million in the same period in fiscal 2008, to adjust the book value of certain swap instruments to fair value at the balance sheet date. This relates to fair value hedge adjustments and swaps that do not qualify for hedge accounting, primarily because the related debt has been settled.

Foreign exchange gains/losses. We recorded net foreign exchange losses of $83 million for the six months ended February 28, 2009 primarily related to the foreign currency losses related to U.S. dollar denominated debt that is not hedged and inter-company advances to our Turkish operations. For the six months ended February 29, 2008, we recorded net foreign exchange gains of $4 million primarily related to U.S. dollar denominated debt that is not hedged and inter-company advances to our Turkish operations offset by a foreign currency loss on U.S. dollar denominated inter-company advances to the equity accounted CW Media in-trust entities.

Investment gains, losses and write-downs. We recorded investment losses of $7 million for the six months ended February 28, 2009 primarily due to the loss recorded on certain investments, compared to investment gains of $3 million related to settlement of certain debt instruments for the same period in fiscal 2008.

Impairment loss on property and equipment. We recorded impairment losses of $32 million for the six months ended February 28, 2009. The loss is due to an impairment of property and equipment in our E! Network stations and Out-of-home segments due to lower future profit expectations as a result of the current outlook for the advertising market for these operations.

Impairment loss on intangible assets. We recorded impairment losses on intangible assets of $239 million for the six months ended February 28, 2009. The loss is due to an impairment of broadcast licences of Canadian television and Turkey radio, masthead in Publishing and site licences in Out-of-home reporting units due to lower future profit expectations as a result of the current outlook for the advertising market for these operations.

Impairment loss on goodwill. We recorded impairment losses on goodwill of $923 million for the six months ended February 28, 2009. The loss is primarily due to an impairment of goodwill of in Publishing, Turkey radio, and Out-of-home reporting units due to lower future profit expectations as a result of the current outlook for the advertising market growth for these operations.

Income taxes. For the six months ended February 28, 2009 we recorded income tax expense of $176 million. The effective tax rate was different than our statutory rate of 31% as a result of adjustments in the income tax expense including: $323 million expense related to goodwill and intangible asset impairments, $222 million expense related to changes in valuation allowance, $14 million expense related to non-taxable portion of capital losses $10 million expense related to non-deductible accretion expenses, and $4 million related to uncertain tax positions.

Minority interests. For the six months ended February 28, 2009, we recorded a minority interest recovery of $16 million related to the 43% minority interest in Ten Holdings and charge of $9 million related to certain specialty television stations not wholly-owned by Canadian and CW Media television segments. The minority interest related to Ten Holdings was in a recovery position compared to a charge for the same period in fiscal 2008 as a result of net losses as compared to net earnings.

Interest in equity accounted affiliates. For the six months ended February 28, 2009, we recorded interest in equity accounted affiliates of $1 million as compared to $40 million for the same period in fiscal 2008. In fiscal 2008, the interest in equity accounted affiliates primarily related to the operations of CW Media, which were held in trust until December 20, 2007.

Net loss/earnings from continuing operations. Our net loss from continuing operations for the six months ended February 28, 2009 was $1,466 million, or a loss of $8.25 per share compared to net earnings of $12 million, or $0.06 per share for the same period in fiscal 2008.

Discontinued operations. For the six months ended February 28, 2009, the loss from discontinued operations was $3 million compared to $5 million for the six months ended February 29, 2008 reflecting the United Kingdom radio segment which was sold in July 2008 and *The New Republic* which was sold in March 2009.

Net loss/earnings. Our net loss for the six months ended February 28, 2009 was $1,469 million, or a loss of $8.27 per share, compared to net earnings of $7 million, or $0.04 per share, for the same period in fiscal 2008.

Segment Results

Publishing

Revenue. Revenue decreased by $74 million, or 11%, to $593 million for the six months ended February 28, 2009 as compared to $666 million for the same period in fiscal 2008. Advertising revenue decreased by 14% for the six months ended February

28, 2009 compared to the same period in fiscal 2008 as a result of declines in classified, national, retail and inserts, which was partly offset by an increase in online advertising. Circulation revenue for the six months ended February 28, 2009 decreased by 1% as compared to the same period in fiscal 2008 as a 6% decrease in circulation volume was partly offset by higher average per copy prices. Circulation revenue as a percentage of total revenue for the publishing segment was approximately 21% for the six months ended February 28, 2009 compared to 19% for the same period in fiscal 2008.

Operating expenses. Operating expenses decreased by $17 million, or 3%, to $486 million for the six months ended February 28, 2009 as compared to $504 million for the same period in fiscal 2008. The decreases primarily relate to reductions in salaries, as a result of the restructurings in these operations, reductions in distribution costs, and marketing and promotions expenses. These reductions were partly offset by a 21% increase in newsprint prices that were in turn partly offset by a 15% decrease in newsprint consumption and a charge associated with the shut down of the print directory business.

Segment operating profit. Segment operating profit for the six months ended February 28, 2009 decreased by $57 million, or 35%, to $103 million as compared to $163 million for the same period in fiscal 2008. The decrease resulted primarily from decreased revenue as discussed above.

Canadian television
Revenue. Revenue from our Canadian television operating segment decreased by $15 million, or 4%, to $346 million for the six months ended February 28, 2009 as compared to $361 million for the same period in fiscal 2008. This reflected a 6% decline in conventional television advertising revenue resulting from the current economic downturn.

Decreases in conventional television advertising revenue were partly offset by a 25% increase in advertising revenue of our specialty channels. Subscriber revenue from our specialty channels decreased by 4% for the six months ended February 28, 2009 as compared to the same period in fiscal 2008, due to the shut down of CoolTV channel in the fourth quarter of fiscal 2008 and Xtreme Sports channel during the first quarter of fiscal 2009.

Operating expenses. For the six months ended February 28, 2009, operating expenses (including selling, general and administrative expenses) of our Canadian television operations of $315 million were $21 million, or 6%, lower than the same period in fiscal 2008, primarily related to lower staffing levels, due to the digital news initiative, merger synergies and restructuring activities, and reductions of marketing and promotional costs.

Segment operating profit. The Canadian television segment reported segment operating profit of $31 million for the six months ended February 28, 2009 as compared to $25 million the same period in fiscal 2008 reflecting the decrease in revenue offset by decreases in expenses described above.

CW Media television
Revenue. Revenue from our CW Media television operating segment increased by $13 million or 7% to $194 million for the six months ended February 28, 2009 as compared to $181 million for the same period in fiscal 2008. This reflected an increase in advertising revenue of 7% and an increase in subscriber revenue of 7% for the six months ended February 28, 2009 compared to the same period in fiscal 2008.

Operating expenses. For the six months ended February 28, 2009, operating expenses (including selling, general and administrative expenses) of our CW Media operations remained flat at $117 million compared to the same period in fiscal 2008, primarily as a result of a 13% increase in program amortization expense primarily due to timing. This increase was offset by lower staffing costs as a result of merger synergies and restructuring, and promotion costs.

Segment operating profit. The CW Media television segment operating income of $76 million for the six months ended February 28, 2009 was $12 million or 19% higher than the same period in fiscal 2008 primarily reflecting the increase in revenue described above.

Australian television
Revenue. Segment revenue decreased by 18% to $314 million for the six months ended February 28, 2009 from $381 million for the same period in fiscal 2008. In local currency, revenue decreased by 12%, reflecting the impact of the deterioration of the advertising market and the impact of not broadcasting the Australian Football League final and Rugby World Cup that occurred in the six months ended February 29, 2008. The effect of the weakening currency relative to the Canadian dollar decreased revenue by $21 million for the six months ended February 28, 2009.

Operating expenses. Segment operating expenses decreased 9% to $220 million for the six months ended February 28, 2009 as compared to $242 million for the same period in fiscal 2008. This reflected a 3% decrease in operating expenses in the local currency, primarily reflecting management's efforts to contain costs. The effect of the weakening currency relative to the Canadian dollar decreased operating expenses by $15 million for the six months ended February 28, 2009.

Segment operating profit. Segment operating profit decreased by 32% to $94 million for the six months ended February 28, 2009 as compared to $139 million for the same period last year as a result of the decrease in revenue partly offset by decreases in expenses described above.

Turkey radio. During the six months ended February 28, 2009, segment revenue of $5 million was down 21% and segment operating income was down 17% to $2 million compared to the same period in fiscal 2008, primarily caused by the weakening economy in Turkey.

Out-of-home advertising. Revenue from our Out-of-home advertising segment decreased by 13%, or $10 million, to $71 million for the six months ended February 28, 2009 as compared to the same period in fiscal 2008. In local currency, revenue decreased by 7% compared to the six months ended February 29, 2008, primarily as a result of the weakening economies in which it operates. The effect of the weakening currency relative to the Canadian dollar decreased revenue by $5 million for the six months ended February 28, 2009. Our segment operating income from the Out-of-home advertising operations was nominal for the six months ended February 28, 2009 as compared to operating income of $5 million in the same period in fiscal 2008.

Corporate and other. Corporate expenses were $15 million for the six months ended February 28, 2009 as compared to $19 million in same period in fiscal 2008. The reduction is primarily a result of lower payroll and benefit costs and a reduction of discretionary spending.

Restructuring. During the first quarter, we announced initiatives to reduce staffing levels in our Canadian television, CW Media television and Publishing operations by 462 positions. During the three months ended February 28, 2009 we accrued $33 million related to these initiatives. Restructuring also includes $2 million related to professional costs associated with the ongoing corporate recapitalization activities. See note 7 of our unaudited interim consolidated financial statements for additional information.

Broadcast rights impairments. During the six months ended February 28, 2009, we evaluated the valuation of broadcast rights of our E! Network stations and Australian television and wrote down broadcast rights by $40 million.

CONSOLIDATED QUARTERLY FINANCIAL RESULTS
For the three month periods ended (in thousands of dollars, except as noted)
(Unaudited)

	February 28, 2009	November 30, 2008[1]	August 31, 2008[1]	May 31, 2008[1]
Revenue	636,628	885,084	724,714	850,134
Operating income before amortization	15,412	204,848	61,788	179,558
Net earnings (loss) from continuing operations	(1,433,773)	(31,773)	(1,004,667)	(25,857)
Net earnings (loss)	(1,436,385)	(32,562)	(1,018,565)	(28,384)
Cash flow from continuing operating activities	(12,351)	(2,519)	49,604	26,710
Cash flow from operating activities	(12,719)	(3,435)	47,689	25,295
Net earnings (loss) per share from continuing operations:				
Basic	($8.07)	($0.18)	($5.66)	($0.15)
Diluted	($8.07)	($0.18)	($5.66)	($0.15)
Net earnings (loss) per share:				
Basic	($8.09)	($0.18)	($5.73)	($0.16)
Diluted	($8.09)	($0.18)	($5.73)	($0.16)

	February 29, 2008[1]	November 30, 2007[1]	August 31, 2007[1]	May 31, 2007[1]
Revenue	700,538	866,208	677,292	736,671
Operating income before amortization	94,919	223,636	79,917	123,387
Net earnings (loss) from continuing operations	(31,040)	42,583	(45,952)	7,230
Net earnings (loss)	(33,876)	40,745	197,456	8,445
Cash flow from continuing operating activities	46,309	(22,881)	123,577	35,722
Cash flow from operating activities	43,745	(25,807)	127,264	39,725
Net earnings (loss) per share from continuing operations:				
Basic	($0.17)	$0.24	($0.26)	$0.04
Diluted	($0.17)	$0.23	($0.26)	$0.04
Net earnings (loss) per share:				
Basic	($0.19)	$0.23	$1.11	$0.05
Diluted	($0.19)	$0.23	$1.11	$0.05

(1) Revised to reflect the classification of our United Kingdom radio segment and *The New Republic* as discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

Going Concern

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.

The media industry has recently experienced declines in advertising revenue reflecting a weak economic environment. The outlook for the advertising market remains uncertain and the weakness in the advertising market is likely to continue until the economy improves. Our operating results and cash flows for the six months ended February 28, 2009 reflect the effects of the deterioration in the economy and reduced advertising revenue for our Canadian television (excluding our CW Media segment) and Australian television, Turkey radio, Out-of-home and Publishing operations.

Due to the decline in the subsidiary operating results, cash distributions from the non-guarantor subsidiaries, including Canwest Limited Partnership and Ten Holdings, to Canwest Media Inc. have been substantially reduced. As a result, during the quarter we determined that Canwest Media Inc. would not be able to comply with the financial covenants under its senior secured revolving credit facility and, consequently, Canwest Media Inc. entered into negotiations with its senior lenders. Canwest Media Inc. and the senior lenders agreed to permanently reduce the senior lending facility to $112 million from $300 million and the senior lenders agreed to waive the events of default arising as a result of the failure to comply with certain covenants under the senior secured credit facility and the failure to make an interest payment on the 8% senior subordinated notes, as discussed below, until the earlier of April 21, 2009 and the date the holders of the notes take any action to enforce their rights. During this period Canwest Media Inc. will have limited access to the available funds under the facility to allow it to meet its operational requirements.

Subsequent to February 28, 2009, Canwest Media Inc. did not make the interest payment on its 8% senior subordinated notes which was due on March 15, 2009. Under the indenture governing the 8% senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement ("forebearance agreement") aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of our stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes.

Failure to (a) comply with the covenants in the waiver from the senior lenders, (b) enter into a forebearance agreement with the holders of more than 75% of the aggregate principal amount of the 8% senior subordinated notes prior to April 14, 2009, (c) obtain a further waiver from the senior lenders on or prior to April 21, 2009, or (d) complete a recapitalization transaction satisfactory to the senior lenders and the 8% senior subordinated note holders prior to the expiry of either the further waiver from the senior secured lenders or the forbearance agreement, if any, could result in a demand to immediately repay the related debt. We believe that Canwest Media Inc. would not have sufficient liquidity to satisfy any such demand.

Certain of our other subsidiaries have significant debt obligations. These obligations are subject to financial covenants that are based on operating results, financing expense and outstanding debt obligations. Each of these subsidiaries was in compliance with its financial covenants as of February 28, 2009. The ability of these subsidiaries to maintain compliance with their financial covenants in the future is dependent upon various factors, some of which are outside their control. Based on current revenue and expense projections and given the uncertain outlook Canwest Limited Partnership may not be able to maintain compliance with its financial covenants through the remainder of fiscal 2009. Failure to maintain compliance with its financial covenants or to negotiate amendments or waivers of such covenants would result in an event of default under the Canwest Limited Partnership senior credit agreement which would permit the senior lenders to demand immediate payment of the related debt. Management believes that Canwest Limited Partnership would not have sufficient liquidity to satisfy any such demand. An event of default under the senior credit agreement would result in an event of default under the Canwest Limited Partnership senior subordinated credit facility and could result in an event of default under the Canwest Media Inc. senior secured credit agreement. An acceleration of amounts owing under the Canwest Limited Partnership senior secured credit facility that is not satisfied through payment, waived, postponed or rescinded within certain time periods would result in an event of default under the 9.25% senior subordinated notes indenture.

For the remainder of fiscal 2009, we expect our major cash requirements to include capital expenditures of approximately $42 million, repayment of $8 million in principal payments on long-term debt and $67 million to settle derivative instruments of Canwest Media Inc. Of these amounts $15 million in capital expenditures will be made by our subsidiaries which are guarantors under the Canwest Media Inc. senior credit facilities.

Sources of Funds

Our principal sources of liquidity are cash and cash equivalents on hand and cash flows from operating activities. At February 28, 2009, we had cash on hand of $69 million including $48 million of Canwest Media Inc. cash, $9 million of Ten Holdings cash, and $7 million of CW Media cash.

In addition to the above sources of liquidity, Network TEN had unused borrowing capacity of A$108 million under its credit

facilities at February 28, 2009. The Limited Partnership had an additional $24 million available under its credit facilities and CW Media had $36 million available under its revolving credit facility at February 28, 2009. Under the terms of its April 7, 2009 agreement with its senior lenders, for the period from April 7 to April 21, Canwest Media Inc. has access to $31.6 million of the account controlled by its senior lenders, the Collateral Deposit Account (which was established in March, see subsequent events below) to fund its anticipated operating cash flow requirements. In order to fund its operations subsequent to April 21, 2009, while it completes its recapitalization, we expect to require further access to the funds in the Cash Collateral Account as well as to advances under its senior secured revolving credit.

Subsequent Events

(a) In March 2009, Canwest Media Inc. agreed to the establishment of a deposit account ("Collateral Deposit Account") to be administered by its senior lenders. Approximately $50 million has been deposited into this account (as described below) and, except to the extent permitted by the waiver agreement as discussed above, Canwest Media Inc. is not entitled to withdraw any amount from this account without the consent of the senior lenders. In addition, the senior lenders can use the amounts deposited in this account to satisfy obligations under the senior credit facility (including the derivative instruments) as they come due.

(b) In March 2009, Canwest Media Inc. settled the fair value swaps on our 8% senior subordinated notes. Canwest Media Inc. received cash proceeds of $105 million of which $38 million was applied to outstanding liabilities on its derivative instruments, $47 million was used to repay its senior credit facility and $20 million was deposited into the Collateral Deposit Account.

(c) In March 2009, we received $34 million in full settlement of amounts owing to Canwest Media Inc. and Canwest Publications Inc. pursuant to an arbitration award in connection with its dispute with Hollinger International Inc. (now Sun-Times Media Group Inc.) relating to unresolved adjustments and claims associated with the November 15, 2000 acquisition of certain newspaper assets. Of the proceeds, $30.5 million owing to Canwest Media Inc. was deposited into the Collateral Deposit Account.

Recapitalization

We are in discussions with various parties, including the senior lenders to Canwest Media Inc. and representatives of the ad hoc committee of holders of 8% senior notes of Canwest Media Inc., regarding a recapitalization of our Company which is expected to involve a cash investment and/or a conversion of certain of our existing debt to equity, to reduce the amount of Canwest Media Inc. debt obligations. We believe that a significant reduction in the amount of or the elimination of our subordinated debt and a reduction of our senior debt obligations are critical to ensuring our continuation as a going concern. In addition, we may consider structural reorganizations as appropriate to align the interests of our various equity and debt holders.

Uses of Funds

Capital Expenditures

In the first six months of fiscal 2009, our capital expenditures amounted to $51 million. Of these capital expenditures, $18 million were made by our subsidiaries which are guarantors under the Canwest Media Inc. senior credit facilities. For the remainder of fiscal 2009, we expect our capital expenditures to be approximately $42 million of which approximately $15 million will relate to our subsidiaries which are guarantors under the Canwest Media Inc. credit facilities.

CRTC Part II Licence Fees

The Canadian Association of Broadcasters ("CAB"), on behalf of their members, has challenged the validity of the Part II licence fees payable annually to the CRTC by television and radio broadcasters. In December 2006, the Federal Court ruled that the Part II licence fees were an illegal tax. The Federal Government appealed the Federal Court judgment and on April 28, 2008, the Appeal Court ruled that the fees, in fact, represented administrative costs incurred by the CRTC and not an illegal tax. On December 18, 2008 the CAB's application for leave was granted and thus an appeal process with the Supreme Court of Canada will commence. The CRTC has confirmed with CAB that it will not attempt to collect the outstanding Part II licence fees until the earlier of (i) the Appeal Court decision is affirmed by the Supreme Court of Canada or (ii) the matter is settled between the parties. We have accrued the Part II licence fees using known rates since the beginning of the legal proceeding and will continue to accrue them until a final decision is rendered on the matter. As at February 28, 2009, we had $25 million accrued in current liabilities representing unpaid Part II licence fees.

CRTC Benefits

We expect to fund the CRTC benefit obligations created from the acquisition of the CW Media broadcast operations of $151 million over a seven year period commencing in fiscal 2008 primarily using cash on hand and cash flow from operations of CW Media. Approximately 10% of the benefits will be directed to social benefits payable by CW Media to third parties, approximately 10% will be funded by Canwest television segment related to news and public affairs programming and the remaining 80% will be directed to incremental production of Canadian programming by CW Media which may be aired on its channels. For the remainder of fiscal 2009, we expect our expenditures related to the CRTC benefit obligation to be approximately $13 million.

Distributions

Our Australian operations typically make distributions twice annually. In December 2008, Ten Holdings declared a distribution of A$0.02 of which our share of $9 million was received in January 2009. In July 2008, Ten Holdings distributed $32 million, $18 million to us and $14 million to other shareholders. The distributions from our Australian operations are affected by the profitability of these operations. A change in the profitability will impact the amount of distributions received from the Australian operations. Ten Holdings has announced that it does not expect to make any further distributions in fiscal 2009.

The Limited Partnership makes distributions to Canwest Media Inc. During the six months ended February 28, 2009, we received $45 million from the Limited Partnership. The distributions from the Limited Partnership are restricted by the availability of distributable cash as defined under its debt agreements. In addition, the Limited Partnership's ability to make distributions is limited by its debt covenants. During the second quarter, as a result of lower revenue and EBITDA, the Limited Partnership limited its distributions to Canwest Media Inc. to $10 million and is not expected to make further distributions for the remainder of fiscal 2009.

Financial Instruments

Certain derivative contracts included in derivative financial instruments mature in fiscal 2009. As at February 28, 2009, the net fair value of these cash flows was a liability of $125 million. During the six months ended February 28, 2009 we made net payments of $16 million and in March 2009, we made additional payments of $38 million on the derivative financial instruments and entered into forward foreign exchange contracts which fixed the remaining net liability at $67 million with payments of $10 million and $57 million due in May and August, respectively.

Debt

Credit Facilities

The Canwest Media Inc. senior credit facility of $112 million which matures in October 2010 is subject to certain restrictions and bears interest at banker's acceptance rates plus an applicable margin. This facility is secured by substantially all our directly held assets, including the assets of our Canadian television operations and the *National Post*, partnership units of the Limited Partnership and shares of CW Investments and Ten Holdings. During the quarter, we determined that Canwest Media Inc. would not be able to comply with the financial covenants under its senior credit facility and, consequently, Canwest Media Inc. entered into negotiations with its senior lenders. Canwest Media Inc. and the senior lenders agreed to permanently reduce the senior lending facility to $112 million from $300 million and the senior lenders agreed to waive the events of default arising as a result of the failure to comply with certain covenants under the senior secured credit facility until April 21, 2009. For the period from April 7, 2009 to April 21, 2009 the senior lenders have temporarily limited the availability under the facility to $31.6 million of the cash held in the "Collateral Deposit Account."

The interest payment due March 15, 2009 under Canwest Media Inc.'s 8% subordinated notes was not paid. Under the terms of the senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of our stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes.

The Company agreed with its swap counterparties to settle the fair value swap related to its senior subordinated notes and received cash proceeds of $105 million.

Total leverage as calculated under Canwest Media Inc.'s credit facility was 6.36 times cash flow for debt covenant purposes for the three month period ended February 28, 2009, compared to a covenant of 5.75 times. The debt used in calculating the total leverage is $978 million which includes Canwest Media Inc's debt translated at swapped foreign exchange rates, certain cash on hand and outstanding letters of credit but excludes debt issuance costs.

The Limited Partnership has a senior secured credit facility and unsecured debt. The senior secured credit facility, which is secured by substantially all the assets of the Limited Partnership, consists of a $250 million revolving term loan, a $265 million term loan and a US$460 million term loan. As at February 28, 2009, the Limited Partnership had fully drawn on its term loan facilities and had drawn $116 million on its revolving term credit facility. The unsecured facilities consist of a $75 million senior subordinated unsecured credit facility and US$400 million in senior subordinated notes. These unsecured facilities rank junior to the senior credit facility and are guaranteed by the Limited Partnership and its subsidiaries. Under the Limited Partnership senior secured credit facilities, we are required to maintain the fair value of our foreign currency and interest rate swap liabilities below a prescribed threshold of $250 million. In addition, there are prescribed thresholds with individual counterparties. As at February 28, 2009, the fair value of these foreign currency and interest rate swaps was an asset of $72 million. Strengthening of the Canadian currency and/or changes in interest rates may require the Limited Partnership to make prepayments to its swaps counter parties to maintain the liability below the threshold levels.

Ten Holdings has an unsecured credit facility due in April 2011. As at February 28, 2009, A$260 million was drawn against this A$630 million facility. In addition, Ten Holdings had senior unsecured notes and senior notes in the amount of US$125 million and A$150 million. Total leverage as calculated under Ten Holdings credit facility was 3.62 times EBITDA for debt covenant purposes for the three month period ended February 28, 2009, compared to a covenant of 4.25 times.

CW Media has a senior secured credit facility, which consists of a $50 million revolving term loan and a US$442 million term loan. This facility is secured by all the assets of CW Investments. As at February 28, 2009, CW Media had drawn $14 million upon the $50 million revolving term loan and had fully drawn the amount allowed under the term loan. CW Media Holdings Inc. also has US$312 million senior unsecured notes which bear interest at 13.5% and are due on August 15, 2015. No principal or interest payments are due under the senior notes until August 15, 2011 at which time semi-annual payments of interest only will commence. The notes are unsecured and guaranteed by CW Media Holdings and its wholly owned subsidiaries.

General
The following table sets out the debt outstanding at February 28, 2009, which is translated at February 28, 2009 foreign currency exchange rates and includes debt issuance costs. The first column of the table presents our debt at the foreign exchange rates specified in our foreign currency swap arrangements, where applicable.

	Debt at swapped foreign exchange rates	Debt at current foreign exchange rates	Accounting adjustments(1)	Carrying value as at February 28, 2009	Carrying value as at August 31, 2008
Canwest Media Inc.:					
Senior secured revolving credit facility	48,902	48,902	-	48,902	-
Senior subordinated notes	908,042	968,238	62,667	1,030,905	828,755
	956,944	1,017,140	62,667	1,079,807	828,755
Canwest Limited Partnership:					
Senior secured credit facility - revolver	116,000	116,000	-	116,000	96,000
Senior secured credit facility - credit C	265,000	265,000	(2,640)	262,360	262,028
Senior secured credit facility - credit D	491,250	582,767	(4,581)	578,186	483,999
Senior subordinated unsecured credit facility	75,000	75,000	(807)	74,193	74,152
Senior subordinated unsecured notes	429,000	508,920	(8,589)	500,331	415,766
	1,376,250	1,547,687	(16,617)	1,531,070	1,331,945
CW Media Holdings Inc.:					
Senior secured revolving credit facility	14,000	14,000	-	14,000	8,000
Senior secured credit facility	469,063	560,891	(12,731)	548,160	457,688
Senior unsecured notes	430,426	430,426	(8,314)	422,112	329,630
	913,489	1,005,317	(21,045)	984,272	795,318
Ten Network Holdings Limited:					
Bank loan A$250,000 (August 31, 2008 – A$260,000)	212,082	212,082	-	212,082	250,195
Senior unsecured notes US$125,000 (August 31, 2008 – US$125,000)	171,366	164,922	-	164,922	132,322
Senior unsecured notes A$150,000 (August 31, 2008 – A$150,000)	122,355	122,355	-	122,355	136,470
	505,803	499,359	-	499,359	518,987
	3,752,486	4,069,503	25,005	4,094,508	3,475,005

(1) Accounting adjustments include debt issuance cost, certain hedge fair value adjustments and fair value hedge basis adjustments.

FINANCIAL INSTRUMENTS

Our primary market risk exposures are interest rate and foreign currency 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. Foreign currency and interest rate 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 derivative financial instruments for trading purposes.

As at February 28, 2009, with the exception of CW Media senior unsecured loans, we have fully hedged the currency exposure on our U.S. dollar denominated debt. In March 2009, we settled the cross currency interest rate swaps related to our Canwest Media Inc. senior subordinated notes and accordingly the US $761 million in senior subordinated notes are no longer hedged.

Except as disclosed, there has been no change in the purpose or terms of our financial instruments. In March 2009, we paid $38 million to partially settle certain derivative instruments with a total book value of $105 million at February 28, 2009. In addition, we entered into agreements to fix the settlement amounts of these instruments at $10 million in May 2009 and $57 million in August 2009. We also settled the hedging derivative instruments related to our Canwest Media Inc. senior subordinates notes and accordingly the US$761.1 million in senior subordinated notes are no longer hedged. As a result of these changes, assuming all other variables are held constant, a 25 basis point parallel upward shift in the Canadian and U.S. fixed yield interest rate curves would result in an $11.8 million improvement in the fair value of all swaps, excluding Ten Holdings. A $0.01 change in the value of the Canadian dollar against the U.S. dollar, assuming all other variables are held constant, would result in a $15.8 million change in the fair value of the foreign currency and interest rate swaps.

The fair value of the swap contracts represents an estimate of the amount that we would receive or pay if the contracts were closed out at a market price on the balance sheet date. As of February 28, 2009, our outstanding swap contracts were in a net unrealized gain position of $86 million. Of this amount, $211 million is recorded as "Hedging derivative instruments" and an amount of $125 million is recorded as "Derivative instruments" for the instruments where we are not utilizing hedge accounting.

INDUSTRY RISKS AND UNCERTAINTIES

Except as disclosed in this section of our MD&A, our risks and uncertainties have not materially changed from those described in our Annual Information Form for the year ended August 31, 2008 filed by Canwest Global Communications Corp. with the Canadian Securities Commissions (available on SEDAR at www.sedar.com).

The media industry has recently experienced declines in advertising revenue reflecting the weakening economic environment. The outlook for the advertising market remains uncertain and the weakness in the advertising market is likely to continue until the economy improves.

OFF BALANCE SHEET ARRANGEMENTS AND GUARANTEES

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

In connection with the acquisition of Alliance Atlantis, we and Goldman Sachs entered into an indemnity agreement dated August 15, 2007 (the "Indemnity Agreement") and the amended shareholders agreement (the "Shareholders Agreement") governing the manner in which the affairs of CW Media would be conducted. Pursuant to the Indemnity Agreement, we have agreed to indemnify Goldman Sachs with respect to certain representations contained in the Indemnity Agreement and the Shareholders Agreement for an amount not to exceed $125 million and subject to a $25 million damages threshold and a $25 million deductible. The indemnity provided by us will terminate on the delivery of certain audited annual financial statements relating to CW Media and in any event no later than May 31, 2012 (the "Survival Date"). Also, Goldman Sachs agreed to indemnify us with respect to their representations contained in the Shareholders Agreement for an amount not to exceed $65 million and subject to a $25 million damages threshold and a $25 million deductible. The indemnity provided by Goldman Sachs will also terminate on the Survival Date.

Additionally, CW Media entered into an agreement dated August 15, 2007 (the “Separation Agreement”) pursuant to which, certain of the parties to the Separation Agreement agreed to indemnify CW Media in respect of specified liabilities, including certain tax liabilities, and in some cases, on a joint and several basis. As at August 31, 2008, we have recorded income tax liabilities of $27 million which according to the terms of this agreement will be recoverable from other parties to the Separation Agreement if and when the liabilities are realized. We have recorded accounts receivable in this amount.

As part of the acquisition of Alliance Atlantis, we and Goldman Sachs each acquired, for nominal consideration a 50% equity interest in 4437691 Canada Inc., which holds interests in a number of limited partnerships. The limited partnerships include various tax shelters which acquired rights, title and interest in certain film and television programs in return for the exclusive right to distribute such productions for an extended period. We have determined 4437691 Canada Inc. is a variable interest entity and that we are not the primary beneficiary. We account for this investment using the cost basis. In accordance with our agreement with Goldman Sachs, we may be required to fund 50% of the entity’s cash flow requirements. We and Goldman Sachs expect that the funding requirements of 4437691 Canada Inc. will be minimal and have agreed that a funding cap of $7.5 million would apply.

RELATED PARTY TRANSACTIONS

A company which is affiliated with our controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which we are a tenant. Rent paid to this company for the six months ended February 28, 2009 amounted to $0.5 million (2008 – $0.6 million). The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and until May 2018, respectively. In addition, during the six months ended February 28, 2009, we have included nil (2008 - $0.3 million) of building development expenses payable to this company.

All the related party transactions have been recorded at the exchange amounts, which are representative of market rates.

CRITICAL ACCOUNTING ESTIMATES

Except as noted below and in the changes in accounting policies section of this MD&A, there are no significant changes in our critical accounting policies or estimates since August 31, 2008 as described in the Management Discussion and Analysis in our 2008 Annual Report.

Broadcast Rights
In accordance with our accounting policy, we amortize the broadcast rights over their anticipated period of use. Effective September 1, 2008, CW Media revised the estimated number of showings attributable to its broadcast rights to reflect their planned usage. The effect of this change in estimate for the six months ended February 28, 2009 is not practical to measure.

Goodwill and Intangible Assets
We recorded goodwill impairment charges in our Publishing, Out-of-home and Turkey radio segments of $895 million, $16 million and $12 million respectively. In addition, we have taken impairment charges of $99 million for mastheads in our Publishing segment, $86 million for broadcast licences in our Canadian television segment, $13 million for site licences in our Out-of-home segment and $41 million for broadcast licences in the Turkey radio segment.

We are required to test Goodwill and indefinite life intangible assets at least annually and more frequently if events or circumstances occur that would more likely or not reduce their fair value. During the three months ended February 28, 2009, we believe that events and circumstances changed that would more likely than not reduce the fair value of the Publishing, Out-of-home, and Turkey radio reporting units and certain intangible assets associated with these reporting units below the carrying amounts. In addition, we believe that events and circumstances have changed that more likely than not reduce the fair value of broadcast licences within our Canadian television reporting unit below the carrying amount. The events include a continuing decline in operating results and lower expectations for advertising revenue growth.

For determining the fair value of our reporting units, we use the income approach. Under the income approach, management estimates the discounted future cash flows for three to five years and a terminal value for each of the reporting units. The future cash flows are based on management's best estimates considering historical and expected operating plans, marketing, content procurement and development strategy, economic conditions, and general outlook for the industry and markets in which the reporting unit operates. The discount rates used by us are based on an optimal debt to equity ratio and considers the risk free rate, market equity risk premium, size premium and operational risk premium for possible variations from management's projections. The terminal value is the value attributed to the reporting unit's operations beyond the projected period of 2013 using a perpetuity growth rate based on industry, revenue and operating income trends and growth prospects. The estimation process results in a range of values for which management uses the simple average of the mid-point.

The fair value of mastheads for each publication is estimated using a relief-from-royalty approach using the present value of expected after-tax royalty streams through licencing agreements. The key assumptions under this valuation approach are royalty rates, expected future revenue and discount rates. The fair values of broadcast licences are determined individually or based on a group of licences that operate together using a Greenfield discounted cash flow approach. This approach hypothetically re-measures the broadcast licences assuming the business is commencing its operations on February 28, 2009. The key assumptions under this valuation approach are future revenue, costs of a hypothetical start-up broadcast operation and discount rates.

We have made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific reporting units or specific intangibles assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and we would be required to recognize further impairment losses.

CHANGES IN ACCOUNTING POLICIES

Credit Risk and the Fair Value of Financial Risks and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee issued EIC 173, "*Credit Risk and the Fair Value of Financial Risks and Financial Liabilities*". The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The accounting treatment for this Abstract should be applied retrospectively without restatement of prior periods to all financial assets and financial liabilities measured at fair value in interim and annual financial statements ending on or after January 20, 2009. The adoption of this Abstract did not significantly impact the unaudited interim consolidated financial statements for the six months ended February 28, 2009.

Assessing Going Concern
The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, "*General Standards of Financial Statement Presentation*", to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. We have adopted the new standard effective September 1, 2008.

Inventories
We adopted CICA 3031, "*Inventories*" as of September 1, 2008. This section 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 required when there is a subsequent increase in the value of inventories.

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in first-out cost formula, and net realizable value. The carrying value of the inventories carried at cost as at February 28, 2009 is $11.2 million (August 31, 2008 - $10.7 million). As at February 28, 2009, nil inventories are carried at net realizable value (August 31, 2008 – nil). During the six months ended February 28, 2009, the amount of inventories expensed was $56.9 million (2008 - $55.6 million). The amount of write downs or reversal of write downs for the six months ended February 28, 2009 are nil.

FORTHCOMING CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets
The AcSB issued CICA 3064, "Goodwill and Intangible Assets", which we must apply for our fiscal year beginning on 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 licencing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. We are currently considering the impacts of the adoption of such standard.

Business Combinations
The AcSB issued CICA Handbook Section 1582, "*Business Combinations*" and entities adopting CICA 1582 will also be required to adopt CICA Handbook Sections 1601, "*Consolidated Financial Statements*",and 1602, "*Non-Controlling Interests*". These sections replace the former CICA Handbook Sections 1581, "*Business Combinations*" and 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 will require additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. CICA 1601 and 1602 will require a change in the measurement of non-controlling interest and will require the change to be presented as part of shareholders' equity. These standards will become effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. We are currently considering the impacts of such standard.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the three months ended		For the six months ended	
	February 28, 2009 $000	**February 29, 2008**[(1)] $000	**February 28, 2009** $000	**February 29, 2008**[(1)] $000
Net earnings (loss)	(1,436,385)	(33,876)	(1,468,947)	6,869
Amortization	30,266	30,901	59,065	58,437
Interest and other financing expenses	82,292	90,940	136,226	201,134
Accretion of long-term liabilities	9,829	24,197	38,062	48,078
Impairment of property and equipment, intangibles and goodwill	1,194,408	-	1,194,408	-
Investment gains, losses and interest income	4,964	(3,068)	5,362	(22,305)
Foreign exchange (gains) losses	15,878	1,814	83,379	(4,273)
Loss from discontinued operations	2,612	2,837	3,401	4,674
Provision for income tax expense (recovery)	137,070	(10,313)	176,265	25,610
Interest in earnings of equity accounted affiliates	(340)	(19,741)	(555)	(39,577)
Minority interest	(25,398)	10,167	(6,622)	38,846
Realized currency translation adjustments	216	1,062	216	1,062
Operating income before amortization	15,412	94,920	220,260	318,555

(1) Revised to reflect the classification of our United Kingdom radio segment and *The New Republic* as discontinued operations. (See note 12 to our unaudited consolidated financial statements).

OTHER

Share Data

As at April 7, 2009 we had the following number of shares outstanding:

Multiple voting shares	76,785,976
Subordinate voting shares	99,395,226
Non-voting shares	1,465,337

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

CANWEST GLOBAL COMMUNICATIONS CORP.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2009
AND FEBRUARY 29, 2008
(UNAUDITED)

PRICEWATERHOUSECOOPERS

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April 9, 2009

To the Audit Committee of Canwest Global Communications Corp.

In accordance with our engagement letter dated August 16, 2008, we have reviewed the accompanying interim consolidated balance sheets of **Canwest Global Communications Corp.** (the "Company") as at February 28, 2009 and the related interim consolidated statements of earnings (loss), comprehensive loss, retained earnings (deficit) and cash flows for the three and six month periods ended February 28, 2009 and February 29, 2008. 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.

The accompanying balance sheet as at August 31, 2008 is a reproduction of the balance sheet from the complete financial statements of the Company, as at August 31, 2008 and for the year then ended, on which we expressed an opinion without reservation in our report dated November 13, 2008. The fair reproduction of the complete balance sheet is the responsibility of management. Our responsibility is to report on the reproduction of the balance sheet. In our opinion, the accompanying balance sheet as at August 31, 2008 is appropriately reproduced.

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 PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

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

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
Revenue	636,628	700,538	1,521,712	1,566,746
Operating expenses	377,694	390,715	825,624	807,301
Selling, general and administrative expenses	183,598	210,292	401,129	424,634
Restructuring expenses (note 7)	19,728	4,611	34,503	16,256
Broadcast rights impairments (note 6)	40,196	-	40,196	-
	15,412	94,920	220,260	318,555
Amortization of intangibles	1,912	2,217	4,089	4,648
Amortization of property and equipment	27,843	28,466	54,317	53,349
Other amortization	511	218	659	440
Operating income (loss)	(14,854)	64,019	161,195	260,118
Interest expense	(75,779)	(77,769)	(156,196)	(160,204)
Accretion of long-term liabilities	(9,829)	(24,197)	(38,062)	(48,078)
Interest income	545	3,400	1,310	19,769
Interest rate and foreign currency swap gains (losses)	(6,513)	(13,171)	19,970	(40,930)
Foreign exchange gains (losses)	(15,878)	(1,814)	(83,379)	4,273
Investment gains, losses and write-downs	(5,509)	(332)	(6,672)	2,536
Impairment loss on property and equipment (note 6)	(32,374)	-	(32,374)	-
Impairment loss on intangible assets (note 6)	(238,903)	-	(238,903)	-
Impairment loss on goodwill (note 6)	(923,131)	-	(923,131)	-
	(1,322,225)	(49,864)	(1,296,242)	37,484
Provision for (recovery of) income taxes (note 8)	137,070	(10,313)	176,265	25,610
Earnings (loss) before the following	(1,459,295)	(39,551)	(1,472,507)	11,874
Minority interest	25,398	(10,167)	6,662	(38,846)
Interest in earnings of equity accounted affiliates (note 5)	340	19,741	555	39,577
Realized currency translation adjustments	(216)	(1,062)	(216)	(1,062)
Net earnings (loss) from continuing operations	(1,433,733)	(31,039)	(1,465,546)	11,543
Loss from discontinued operations	(2,612)	(2,837)	(3,401)	(4,674)
Net earnings (loss) for the period	(1,435,385)	(33,876)	(1,468,947)	6,869
Earnings (loss) per share from continuing operations:				
Basic	($8.07)	($0.17)	($8.25)	$0.06
Diluted	($8.07)	($0.17)	($8.25)	$0.06
Earnings (loss) per share:				
Basic	($8.09)	($0.19)	($8.27)	$0.04
Diluted	($8.09)	($0.19)	($8.27)	$0.04

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

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

	As at February 28, 2009	As at August 31, 2008 (Revised note 12)
ASSETS		
Current Assets		
Cash and cash equivalents	69,444	75,914
Accounts receivable	530,410	560,127
Inventory	11,165	10,710
Investment in broadcast rights	276,489	278,194
Future income taxes	15,683	52,712
Other current assets	30,310	36,361
Assets of discontinued operations	529	714
	934,030	1,014,732
Other investments	18,490	28,308
Investment in broadcast rights	257,231	191,630
Property and equipment	662,023	713,800
Future income taxes	228,402	369,791
Other assets	30,835	112,480
Hedging derivative instruments	255,177	-
Intangible assets (note 6)	1,479,550	1,755,566
Goodwill (note 6)	1,375,489	2,326,561
Assets of discontinued operations	60	1,926
	5,241,287	6,514,794
LIABILITIES		
Current Liabilities		
Accounts payable	136,962	219,791
Accrued liabilities (note 7)	324,642	307,822
Income taxes payable	30,100	29,404
Broadcast rights payable	170,273	130,279
Deferred revenue	37,866	39,755
Future income taxes	47,916	39,475
Current portion of long-term debt and obligations under capital leases	74,043	16,738
Current portion hedging derivative instruments	23,363	32,737
Current portion of derivative instruments (note 11)	105,434	143,821
Liabilities of discontinued operations	3,002	2,297
	953,601	962,119
Long-term debt (note 9)	4,024,057	3,461,942
Hedging derivative instruments	20,596	237,786
Derivative instruments	19,266	12,416
Obligations under capital leases	5,629	7,241
Other long-term liabilities	201,885	300,043
Future income taxes	154,777	170,613
Deferred gain	153,405	171,102
Puttable interest in subsidiary (note 10)	587,850	545,394
Minority interest	64,568	78,149
Liabilities of discontinued operations	117	756
	6,176,751	5,947,561
Going concern (note 1)		
Contingencies (note 19)		
Subsequent events (note 21)		
SHAREHOLDERS' EQUITY		
Capital stock	852,375	852,375
Contributed surplus	15,662	14,304
Deficit	(1,703,502)	(234,555)
Accumulated other comprehensive loss (note 13)	(99,999)	(64,891)
	(1,803,501)	(299,446)
	(935,464)	567,233
	5,241,287	6,514,794

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Other comprehensive income (loss)				
Unrealized foreign currency translation gains (losses) on net assets of self-sustaining foreign operations	(441)	(1,878)	2,950	(1,421)
Realized foreign currency translation losses on net assets of self-sustaining foreign operations	216	1,062	216	1,062
Foreign currency translation adjustment	(225)	(816)	3,166	(359)
Change in fair value of hedging derivative instruments designated as cash flow hedges net of tax of $5.7 and $10.1 million for the three and six months ended February 28, 2009, respectively (2008 - $7.7 million and $15.6 million, respectively)	1,099	(18,987)	(38,274)	(35,723)
Unrealized loss on available-for-sale investment net of tax of nil (2008 – nil)	-	(7,924)	(10,863)	(17,893)
Reclassification of impairment loss on available for sale investments realized in net loss for the period net of tax of nil (2008 – nil)	10,863	-	10,863	-
	10,863	(7,924)	-	(17,893)
Comprehensive loss for the period	(1,424,648)	(61,603)	(1,504,055)	(47,106)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
(UNAUDITED)

(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Retained earnings (deficit) – beginning of period	(267,117)	846,270	(234,555)	805,525
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Retained earnings (deficit) – end of period	(1,703,502)	812,394	(1,703,502)	812,394

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

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

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
CASH GENERATED (UTILIZED) BY:				
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(1,436,385)	(33,876)	(1,468,947)	6,869
Net loss from discontinued operations	2,612	2,837	3,401	4,674
Items not affecting cash				
Amortization	30,266	30,901	59,065	58,437
Net non-cash interest expense	15,182	9,668	30,616	14,267
Accretion of long-term liabilities	9,829	24,197	38,062	48,078
Future income taxes	148,585	48	160,921	8,707
Realized foreign currency translation adjustments	216	1,062	216	1,062
Interest rate and foreign currency swap (gains) losses, net of settlements	1,706	10,686	(35,991)	25,940
Broadcast rights impairments	40,196	-	40,196	-
Impairment loss on property and equipment, intangible assets and goodwill	1,194,408	-	1,194,408	-
Investment gains, losses and write-downs	5,509	332	6,672	(2,536)
Pension expense in excess of (less than) employer contributions	(6,728)	977	(7,022)	2,357
Minority interest	(25,398)	10,167	(6,622)	38,846
Earnings of equity accounted affiliates	(340)	(19,741)	(555)	(39,577)
Foreign exchange (gains) losses	14,727	(1,365)	79,974	(9,264)
Stock based compensation expense (note 15)	163	769	1,358	1,527
	(5,452)	36,662	95,752	159,387
Changes in non-cash operating accounts	(6,899)	9,648	(110,622)	(135,959)
Cash flows from operating activities of continuing operations	(12,351)	46,310	(14,870)	23,428
Cash flows from operating activities of discontinuing operations	(368)	(2,564)	(1,284)	(5,490)
Cash flows from operating activities	(12,719)	43,746	(16,154)	17,938
INVESTING ACTIVITIES				
Other investments	-	(58)	(100)	(4,703)
Payments of acquisition costs	-	(1,876)	-	(27,477)
Cash from equity accounted affiliates	-	45,595	-	45,595
Proceeds from sale of property and equipment	12,966	17	12,983	28
Purchase of property and equipment	(22,718)	(27,742)	(51,305)	(55,438)
Investing activities of discontinued operations	-	(33)	-	(281)
	(9,752)	15,903	(38,422)	(42,276)
FINANCING ACTIVITIES				
Repayment of long-term debt	(2,437)	(2,437)	(4,875)	(4,990)
Advances (repayments) of revolving facilities, net of financing costs	34,178	(42,703)	62,494	15,402
Increase in bank indebtedness	-	2,650	-	4,727
Swap recouponing payments	5,000	-	5,000	(5,000)
Payments of capital leases	(242)	(206)	(1,695)	(1,550)
Payment of distributions to minority interest	(7,502)	(35,889)	(9,631)	(36,679)
	28,997	(78,585)	51,293	(28,090)
Foreign exchange gain (loss) on cash denominated in foreign currencies	389	1,224	(3,187)	2,543
Net change in cash and cash equivalents	6,915	(17,712)	(6,470)	(49,885)
Cash and cash equivalents – beginning of period	62,529	92,719	75,914	124,892
Cash and cash equivalents – end of period	69,444	75,007	69,444	75,007

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

1. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") which assumes that the Company will continue in operation and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. There is significant doubt about the appropriateness of the going concern assumption because of the material uncertainty caused by the current market conditions including the Company's declining advertising revenue, ability to realize cost reductions, ability to divest of non-core assets, ability to restructure the operations and the Company's current liquidity situation and its non-compliance with the terms of its senior secured credit facility and failure to make an interest payment on the Canwest Media Inc. 8% senior subordinated notes. The media industry has recently experienced declines in advertising revenue reflecting a weak economic environment. The outlook for the advertising market remains uncertain and the weakness in the advertising market is likely to continue until the economy improves.

The Company's operating results and cash flows for the three and six months ended February 28, 2009 reflects the effects of the deterioration in the economy and reduced advertising revenue for its Canadian television (excluding its CW Media segment), Australian television, Turkey radio, Out-of-home and Publishing operations. As described in note 7 and under the heading "recapitalization" below, the Company has developed restructuring plans to reduce costs and close underperforming operations. Management is continuing to assess other strategies to improve operating results and cash flows, to adjust its capital structure and to reduce its debt obligations, including the sale of assets, and other operational changes. While management believes that progress is being made in implementing strategic plans approved by management and there are certain other strategies available to enhance operations and adjust the capital structure of the Company, there is no assurance as to the outcome or success of these strategies. Further, the Company's results for 2009 and future periods are subject to numerous uncertainties.

Canwest Media Inc.
Due to the decline in the subsidiary operating results, cash distributions from the non-guarantor subsidiaries, including Canwest Limited Partnership and Ten Holdings, to Canwest Media Inc. have been substantially reduced. As a result, during the quarter, management determined that Canwest Media Inc. would not be able to comply with the financial covenants under its senior secured revolving credit facility and, consequently, Canwest Media Inc. entered into negotiations with its senior lenders. Canwest Media Inc. and the senior lenders agreed to permanently reduce the senior lending facility to $112 million from $300 million and the senior lenders agreed to waive the events of default arising as a result of the failure to comply with certain covenants under the senior secured credit facility and the failure to make an interest payment on the 8% senior subordinated notes, as discussed below, until the earlier of April 21, 2009 and the date the holders of the 8% senior subordinated notes take any action to enforce their rights. During this period Canwest Media Inc. will have limited access to the available funds under the facility to allow it to meet its operational requirements.

Subsequent to February 28, 2009, Canwest Media Inc. did not make the interest payment on its 8% senior subordinated notes which was due on March 15, 2009. Under the indenture governing the 8% senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement ("forebearance agreement") aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of our stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes.

Failure to (a) comply with the covenants in the waiver from the senior lenders, (b) enter into a forebearance agreement with the holders of more than 75% of the aggregate principal amount of the 8% senior subordinated notes prior to April 14, 2009, (c) obtain a further waiver from the senior lenders on or prior to April 21, 2009, or (d) complete a recapitalization transaction satisfactory to the senior lenders and the 8% senior subordinated note holders prior to the expiry of either the further waiver from the senior secured lenders or the forbearance agreement, if any, could result in a demand to immediately repay the related debt. Management believes that Canwest Media Inc. would not have sufficient liquidity to satisfy any such demand.

Recapitalization
The Company is in discussions with various parties, including the senior lenders to Canwest Media Inc. and representatives of the ad hoc committee of holders of 8% senior subordinated notes of Canwest Media Inc., regarding recapitalization of the Company that is expected to involve a cash investment and/or a conversion of certain of its existing debt to equity, to reduce the amount of the Canwest Media Inc. debt obligations. The Company believes that a significant reduction in the amount of or the elimination of its subordinated debt and a reduction of its senior debt obligations are critical to ensuring its continuation as a going concern. In addition, the Company may consider structural reorganizations as appropriate to align the interests of its various equity and debt holders.

Significant subsidiaries
Certain of the Company's other subsidiaries have significant debt obligations (see note 9). These obligations are subject to financial covenants that are based on operating results, financing expenses and outstanding debt obligations. Each of these subsidiaries was in compliance with its financial covenants as of February 28, 2009. The ability of these subsidiaries to maintain compliance with their financial covenants in the future is dependent upon various factors, some of which are outside their control. Based on current revenue and expense projections and given the uncertain outlook, Canwest Limited Partnership, may not be able to maintain compliance with its financial covenants through the remainder of fiscal 2009. Failure to maintain compliance with its financial covenants or to negotiate amendments or waivers of such covenants would result in an event of default under the Canwest Limited Partnership senior credit agreement which would permit the senior lenders to demand immediate payment of the related debt. Management believes that Canwest Limited Partnership would not have sufficient liquidity to satisfy any such demand. An event of default under the senior credit agreement would result in an event of default under the Canwest Limited Partnership senior subordinated credit facility and could result in an event of default under the Canwest Media Inc. senior secured credit agreement. An acceleration of amounts owing under the Canwest Limited Partnership senior secured credit facility that is not satisfied through payment, waived, postponed or rescinded within certain time periods would result in an event of default under the 9.25% senior subordinated notes indenture. In addition, certain subsidiary credit agreements contain change of control provisions. Under these provisions a change of control of the Company and/or Canwest Media Inc. would be an event of default under certain subsidiary credit agreements.

The consolidated financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate. If the "going concern" basis was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used. These adjustments may be material.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in conventional television, specialty television channels, radio, out-of-home advertising, publishing and websites in Canada, Australia and Turkey. The Company's operating segments include television, publishing, radio and out-of-home advertising. The Canadian television segment includes the operations of the Global Television Network, E! Network, TVtropolis and five Canadian specialty television channels. The CW Media television segment includes the operations of CW Investments Co.'s ("CW Media") 18 Canadian specialty television channels. The Australian television segment includes Ten Network Holdings Limited's ("Ten Holdings") Ten Television Network. The Publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers, the *National Post*, as well as operation of the *canada.com* web portal and other web-based operations. The Turkey radio segment is comprised of four radio stations: *Super FM, Metro FM, Joy FM* and *Joy Turk FM*. The Out-of-home advertising segment includes Eye Corp Pty Limited, an out-of-home advertising operation which is indirectly wholly-owned by Ten Holdings. The Company holds a 57% equity interest in Ten Holdings.

The Company's television and radio broadcast revenues include advertising revenue from a customer base that is comprised primarily of large advertising agencies, which place advertisements with the Company on behalf of their customers. In addition, the Company's specialty television revenue include subscription revenues which are derived from a variety of sources. Publishing revenue includes advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenue is seasonal. Revenue and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

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

Basis of presentation
The interim 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 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 in note 3. These interim consolidated financial 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.

Investment in broadcast rights
In accordance with its accounting policy, the Company amortizes the broadcast rights over their anticipated period of use. Effective September 1, 2008, CW Media revised the estimated number of showings attributable to its broadcast rights to reflect their planned usage. The effect of this change in estimate for the three and six months ended February 28, 2009 is not practical to measure.

3. ACCOUNTING CHANGES

Credit Risk and the Fair Value of Financial Risks and Financial Liabilities
On January 20, 2009, the Emerging Issues Committee issued EIC 173, "*Credit Risk and the Fair Value of Financial Risks and Financial Liabilities*". The committee reached a consensus that a company's credit risk and the credit risk of its counterparties should be considered when determining the fair value of its financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The accounting treatment for this Abstract should be applied retrospectively without restatement of prior periods to all financial assets and financial liabilities measured at fair value in interim and annual financial statements ending on or after January 20, 2009. The adoption of this Abstract did not impact the unaudited interim consolidated financial statements for the three and six months ended February 28, 2009.

Assessing Going Concern
The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, "*General Standards of Financial Statement Presentation*", to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. The Company adopted the new standard effective September 1, 2008.

Inventories
The AcSB issued CICA Handbook Section 3031, "*Inventories*" which 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 required when there is a subsequent increase in the value of inventories. The Company adopted CICA Handbook Section 3031, as of September 1, 2008 on a retroactive basis without prior period restatement. The adoption of this section did not impact the unaudited interim consolidated financial statements for the three and six months ended February 28, 2009.

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in first-out cost formula, and net realizable value. The carrying value of the inventories carried at cost as at February 28, 2009 is $11.2 million (August 31, 2008 - $10.7 million). As at February 28, 2009, nil inventories are carried at net realizable value (August 31, 2008 – nil).

During the three and six months ended February 28, 2009, the amount of inventories expensed was $25.7 million and $56.9 million respectively (2008 - $25.2 million $55.6 million, respectively). The amount of write downs or reversal of write downs for the three and six months ended February 28, 2009 and February 29, 2008 are nil.

Proposed Accounting Changes

Goodwill and Intangible assets
The AcSB issued CICA Handbook Section 3064, "*Goodwill and Intangible Assets*", which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. CICA 3064 expands on the criteria for recognition of intangible assets that can be recognized. CICA 3064 applies to internally generated intangible assets such as research and development activities and rights under licencing agreements. The section also indicates that expenditures not meeting the recognition criteria of intangible assets are expensed as incurred. The Company plans to, and must, apply this new standard effective September 1, 2009. The Company is currently considering the impacts of the adoption of such standard.

Business Combinations
The AcSB issued CICA Handbook Section 1582, "*Business Combinations*" and entities adopting CICA 1582 will also be required to adopt CICA Handbook Sections 1601, "*Consolidated Financial Statements*",and 1602, "*Non-Controlling Interests*". These sections replace the former CICA Handbook Sections 1581, "*Business Combinations*" and 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA 1582 will require additional use of fair value measurements, recognition of additional assets and liabilities and increased disclosure. CICA 1601 and 1602 will require a change in the measurement of non-controlling interest and will require the change to be presented as part of shareholders' equity. These standards will become effective for business combinations for which the acquisition date is on or after September 1, 2011. The Company is currently considering the impacts of the adoption of such standard.

4. ACQUISITION AND DIVESTITURE

Acquisition
On August 15, 2007, the Company and Goldman Sachs completed the acquisition of CW Media's specialty television operations. The acquisition was accounted for using the purchase method. The regulated assets acquired were held in trust from the date of acquisition to December 20, 2007 when conditional approval was received from the Canadian Radio-television and Telecommunications Commission ("CRTC"). The results of operations reflect revenue and expenses of the non-regulated assets since the date of acquisition and the regulated assets from December 21, 2007. The Company's equity earnings include the net earnings of the regulated assets of the acquired operations from the date of acquisition to December 20, 2007.

The Company has, subject to regulatory approval, committed to combine its Canadian television operations with CW Media's operations (together the "Combined Operations") prior to August 2011. In 2011, the Company's and Goldman

Sachs' economic interest in the Combined Operations will be determined based on a formula which is based on the combined segment operating profit of CW Media and Canwest's Canadian television operations.

Divestiture
In July 2008, the Company completed the sale of its United Kingdom radio segment (note 12). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $2.0 million, $4.9 million, and $16.5 million, respectively.

5. INTEREST IN EARNINGS OF EQUITY ACCOUNTED AFFILIATES

Certain operations acquired as part of the purchase of CW Media's specialty television operations had been placed into trust until the CRTC approval of the change of control of the broadcast licences was obtained on December 20, 2007. The following sets out condensed financial information for the regulated entities held in trust for the period from December 1, 2007 to December 20, 2007 and September 1, 2007 to December 20, 2007.

Summary condensed statement of earnings		
	December 1 to December 20, 2007	September 1 to December 20, 2007
Revenue	19,644	108,767
Operating expenses	10,619	64,327
Operating income before amortization	9,025	44,440
Amortization	(665)	(2,083)
Interest expense, net	(5,921)	(20,007)
Foreign exchange gains	4,201	16,163
Recovery for income taxes	13,783	5,618
Interest in earnings of equity accounted affiliates	34	163
Minority interest	(930)	(4,904)
Net earnings of regulated entities	19,527	39,390

Summary condensed statement of cash flows		
	December 1 to December 20, 2007	September 1 to December 20, 2007
Cash flows – operating activities	4,154	28,890
Cash flows – investing activities	(994)	(1,521)
Cash flows – financing activities	-	-
Net change in cash	3,160	27,369
Cash – beginning of period	42,435	18,226
Cash – end of period	45,595	45,595

During the trust period from September 1, 2007 to December 20, 2007, the Company recorded interest income of $16.8 million and a foreign exchange loss of $11.8 million related to advances to the regulated assets held in trust. Net earnings of the regulated entities include interest expense of $16.8 million and a foreign exchange gain of $11.8 million related to the inter-company debt. In addition, the Company recovered corporate costs from the regulated entities held in trust and has recorded cost recoveries in the amount of $4.6 million. The cost recoveries have reduced selling, general and administrative expenses of the Company and are included in operating expenses of the regulated entities. Net earnings of the regulated entities also include agency fees of $8.8 million, which have been recorded as revenue by the Company. Since December 21, 2007, these inter-company balances and transactions are eliminated on consolidation.

6. GOODWILL, INTANGIBLE ASSETS AND OTHER IMPAIRMENTS

Goodwill					
	August 31, 2008	Additions	Impairments	Other	February 28, 2009
Publishing	1,697,405	100[(1)]	(895,110)	(14,222)[(2)]	788,173
CW Media television	478,908	-	-	(671)[(3)]	478,237
Australian television	32,149	-	-	(3,879)[(4)]	28,270
Out-of-home	104,477	-	(16,329)	(7,339)[(4)]	80,809
Turkey radio	13,622	-	(11,692)	(1,930)[(4)]	-
Total	2,326,561	100	(923,131)	(28,041)	1,375,489

(1) Increase related to contingent consideration paid on previous year's acquisitions.
(2) Decrease in goodwill relates to the settlement of the Hollinger arbitration (note 19).
(3) Decrease related to an adjustment to the valuation allowance on tax losses acquired.
(4) Decrease in goodwill related to fluctuations in foreign currency translation rates.

Intangible assets					
	August 31, 2008 Net Book Value	Amortization	Impairments	Other	February 28, 2009 Net Book Value
Circulation, subscribers and other customers relationships	77,635	(3,215)	-	-	74,420
Site licences	34,630	(874)	(12,983)	(857)(1)	19,916
Broadcast licences	1,195,599	-	(126,812)	(32,166)(1)	1,036,621
Brands	31,000	-	-	-	31,000
Newspaper mastheads	418,561	-	(99,108)	(1,860)(2)	317,593
Total	1,757,425	(4,089)	(238,903)	(34,883)	1,479,550

(1) Decrease in intangible assets related to fluctuations in foreign currency translation rates.

(2) Decrease in newspaper mastheads relates to the classification of *The New Republic* as discontinued operations.

Impairments

The Company recorded goodwill impairment charges in its Publishing, Out-of-home and Turkey radio segments of $895.1 million, $16.3 million and $11.7 million respectively. In addition, the Company has recorded impairment charges of $99.1 million for mastheads in its Publishing segment, $86.0 million for broadcast licences in its Canadian television segment, $13.0 million for site licences in its Out-of-home segment and $40.8 million for broadcast licences in the Turkey radio segment.

The Company is required to test Goodwill at least annually and more frequently if events or circumstances occur that would more likely than not reduce their fair value below carrying value. The Company is required to test indefinite life intangible assets at least annually and more frequently if events or circumstances indicate that intangibles may be impaired. During the three months ended February 28, 2009, the Company believes that events and circumstances changed that would more likely than not reduce the fair value of the Publishing, Out-of Home and Turkey radio reporting units carrying amounts. In addition, the Company believes that events and circumstances have changed that more likely than not reduce the fair value of broadcast licences within its Canadian television and Turkey radio reporting units, mastheads within its Publishing reporting unit and site licences within its Out-of-home reporting unit reporting unit below the carrying amount. The events include a continuing decline in operating results, and lower expectations for advertising revenue growth.

The Company's assumptions are affected by current market conditions which may affect expected revenue, particularly advertising revenue and, to a lesser extent, subscriber revenue. In addition, while the Company continues to implement cost savings initiatives, operating costs may increase more significantly than expected. The Company also has significant competition in the markets in which it operates which may impact its revenue, procurement of content and operating costs. The Company has made certain assumptions for the discount and terminal growth rates to reflect possible variations in the cash flows; however, the risk premiums expected by market participants related to uncertainties about the industry, specific reporting units or specific intangibles assets may differ or change quickly depending on economic conditions and other events. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and intangible assets and the Company would be required to recognize further impairment losses.

The Company has not completed the second phase of the goodwill impairment testing related to the Publishing reporting unit. This phase requires the Company to notionally fair value all the assets and liabilities associated with the Publishing reporting unit. The goodwill impairment of $895.1 million is a preliminary impairment assessment that will be finalized as the required information becomes available. The preliminary goodwill impairment could change and the change could be material.

The Company has also completed a review of the E! Network and certain operations within Ten Network Holdings Inc. Based on the reduced profitability of these operations it was determined that certain assets were impaired. As a result of this review it was determined that broadcast rights impairment losses should be recorded of $30 million for E! Network and $10 million for Network TEN In addition, it was determined that property and equipment impairment losses should be recorded of $10 million related to the E! Network and $22 million related to Eye Corp. These impairments impact the Canadian television, Australian television and Out-of-home segments.

7. RESTRUCTURING EXPENSES

The Company is centralizing certain functions including developing four state of the art broadcast centres to support the production needs of its local television stations and enable the transition to high definition. This initiative is expected to be conducted in three phases. Over the period from September 2007 to May 2009, the Company expects to have a net reduction in its workforce of 260 jobs relating to these changes. To date, the Company has accrued $11.5 million related to the first two phases of which a $0.2 million recovery and $1.5 million expense was accrued during the three and six months ended February 28, 2009, respectively. The total expected costs associated with these initiatives are $11.8 million.

During the six months ended February 28, 2009, the Company initiated certain cost containment initiatives in its Canadian television segment, including the restructuring of its news operations at the E! Network. These initiatives resulted in a work-

force reduction of 107 positions. During the three and six months ended February 28, 2009, the Company accrued $1.5 million and $7.2 million, respectively, the full cost of these initiatives.

In fiscal 2008, the Company's Publishing segment initiated and completed certain changes in its work flow processes which resulted in the centralization of certain functions. The total cost associated with this initiative of $10.7 million was accrued in fiscal 2008.

During the six months ended February 28, 2009, the Company initiated certain cost containment initiatives in its Publishing segment, which are expected to result in a workforce reduction of 470 positions. These initiatives are expected to be completed by August 31, 2009 with total costs estimated of $32.0 million. During the three and six months ended February 28, 2009, the Company accrued costs of $16.8 million and $22.9 million, respectively, related to these initiatives.
In connection with the acquisition of CW Media's operations in August 2007, the Company accrued termination benefits of $18.6 million. This accrual was set up as part of the purchase equation related to the acquisition of CW Media. During the six months ended February 28, 2009, the Company initiated certain initiatives in its CW Media television segment, which will result in a workforce reduction of 36 positions. These initiatives are expected to be completed by August 31, 2009 with total employee termination costs estimated of $1.1 million. During the three and six months ended February 28, 2009, the Company accrued costs of $0.1 million and $1.1 million, respectively, related to these initiatives.

During the six months ended February 28, 2009, the Company initiated work force reductions in its Turkey radio segment. The costs of these reductions are estimated to total $0.2 million which has been paid during the six months ended February 28, 2009. In addition, as described in note 1, the Company is currently pursuing recapitalization transactions and potential corporate restructuring. The Company has expensed and paid $1.6 million related to these activities.

The restructuring liability, which consists of termination benefits, is summarized by operating segment as follows:

	Publishing	Canadian television	CW Media television	Other	Total
Balance – August 31, 2007	-	-	15,277[1]	-	15,277
Accrued during the period	10,708	10,007	1,013[1]	-	21,728
Payments made during the period	(8,332)	(3,919)	(15,351)	-	(27,602)
Balance – August 31, 2008	2,376	6,088	939	-	9,403
Accrued during the period	22,886	8,668	1,141	1,808	34,503
Payments made during the period	(14,514)	(7,797)	(1,115)	(1,808)	(25,234)
Balance – end of period	10,748	6,959	965	-	18,672

(1) The accrual for CW Media in fiscal 2007 was made in connection with the acquisition of CW Media and accordingly was recorded in the purchase equation.

8. INCOME TAXES

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

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
Income taxes at combined Canadian statutory rate of 31.08% (2008 – 32.38 %)	(410,948)	(16,146)	(402,872)	12,138
Non-taxable portion of capital (gains) losses	3,274	(155)	14,152	(1,977)
Increase (decrease) in valuation allowance on future tax assets	211,167	(991)	221,417	(27)
Effect of foreign income tax rates differing from Canadian income tax rates	732	(1,012)	422	(4,941)
Change in expected future tax rates	3,830	(1,487)	3,750	(1,258)
Non-deductible accretion expense	2,340	7,251	10,398	15,172
Non-deductible expenses	1,353	1,816	2,423	3,447
Partnership net earnings allocated to minority interests	(518)	(324)	(1,107)	(569)
Effect of uncertain tax positions	2,755	1,020	3,807	2,220
Effect of partnership earnings from equity accounted affiliates	-	449	-	1,332
Effect of goodwill and intangible asset impairments	323,146	-	323,146	-
Other	(61)	(734)	(729)	73
Provision for (recovery of) income taxes	137,070	(10,313)	176,265	25,610

The recognition and measurement of the current and future tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations in a number of jurisdictions and in the assessment of the recoverability of future tax assets. Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such differences, which could be significant, will impact the income tax provision in the period in which the determination is made.

During the three months ended February 28, 2009, as described in note 1, Canwest Media Inc. violated certain financial covenants on its senior secured revolving credit facility. In addition, in March 2009, Canwest Media Inc. defaulted on its senior subordinated notes. This has resulted in significant unfavourable evidence about Canwest Media Inc.'s ability to more likely than not realize the benefits associated with its future tax assets. The Company has recognized a valuation allowance of $195.6 million related to future tax assets.

9. LONG-TERM DEBT

	Maturity (fiscal year)	Principal Outstanding February, 28, 2009 (millions)	As at February, 28, 2009	As at August 31, 2008
Canwest Media Inc.:				
Senior secured revolving credit facility[1]	2011	$49	48,902	-
Senior subordinated notes (net of debt issuance costs of $10 million (August 31, 2008 - $11 million))[2]	2012	US$761	1,030,905	828,755
Canwest Limited Partnership:				
Senior secured credit facilities - revolver	2012	$116	116,000	96,000
Senior secured credit facilities - credit C (net of debt issuance costs of $3 million (August 31, 2008 -$3 million))	2012	$265	262,360	262,028
Senior secured credit facilities - credit D (net of debt issuance costs of $5 million (August 31, 2008 - $5 million))[3]	2014	US$458	578,186	483,999
Senior subordinated unsecured credit facility (net of debt issuance costs of $1 million (August 31, 2008 -$1 million))	2015	$75	74,193	74,152
Senior subordinated unsecured notes (net of debt issuance costs of $9 million (August 31, 2008 -$9 million))	2015	US$400	500,331	415,766
CW Media Holdings Inc.:				
Senior secured revolving credit facility	2013	$14	14,000	8,000
Senior secured credit facility (net of debt issuance costs of $13 million (August 31, 2008 - $13 million))[4]	2015	US$441	548,160	457,688
Senior unsecured notes including accrued interest (net of debt issuance costs of $8 million (August 31, 2008 -$9 million))	2015	US$338	422,112	329,630
Ten Network Holdings Limited:				
Bank loan - revolver	2011	A$260	212,082	250,195
Senior unsecured notes	2013	US$125	164,922	132,322
Senior unsecured notes	2016	A$150	122,355	136,470
			4,094,508	3,475,005
Less portion due within one year			(70,451)	(13,063)
Long-term portion			4,024,057	3,461,942

The terms and conditions of the long-term debt are the same as disclosed in the August 31, 2008 audited consolidated financial statements, except as disclosed below.

(1) The amount available under this facility has been permanently reduced to $112 million. During the three months ended February 28, 2009, the Company failed to comply with certain financial covenants under Canwest Media Inc.'s senior credit facility. The senior lenders have agreed to waive the events of default arising as a result of the failure to comply with certain covenants and failure to make an interest payment on the 8% senior subordinated notes, until the earlier of April 21, 2009 and the date the holders of the 8% senior subordinated notes take any action to enforce their rights (note 1). For the period from April 7, 2009 to April 21, 2009 the senior lenders have temporarily limited the availability under the facility to $31.6 million of the cash held in the "Collateral Deposit Account" (note 21).

(2) The interest payment due March 15, 2009 under this facility was not paid. Under the terms of the senior subordinated notes, failure to make payment does not permit note holders to accelerate the notes if the interest payment is made on or before April 14, 2009. Canwest Media Inc. is in discussions with representatives of an ad hoc committee of holders of 8% senior subordinated note holders representing a significant majority of the aggregate principal amount of the 8% senior subordinated notes regarding a forebearance agreement aimed at allowing sufficient time for a recapitalization of the Company that is satisfactory to all of our stakeholders, including the senior lenders to Canwest Media Inc. and the holders of the 8% senior subordinated notes. The Company agreed with its swap counterparties to settle the fair value swap related to its senior subordinated notes and received cash proceeds of $105 million (note 21).

(3) The foreign currency and interest rates swaps relating to the Senior secured credit facilities - credit D is secured by substantially all the assets of the Canwest Limited Partnership.
(4) The foreign currency and interest rate swap relating to the Senior secured credit facility is secured by substantially all the assets of CW Media and CW Investments and, subject to certain limitations by each of its existing and each subsequently acquired or organized wholly-owned subsidiary.

During the six months ended February 28, 2009, the Company received recouponing payments of $5 million on its hedging derivative instruments and nil on derivative instruments (2007 – paid $5 million and $13 million, respectively).

During the six months ended February 28, 2009, credit ratings of certain of the Company's counterparties to the foreign currency and interest rate swaps were down graded. The Company does not expect the counterparties to fail to meet their obligations as the counterparties are rated at or greater than A.

10. PUTTABLE INTEREST IN A SUBSIDIARY

The puttable interest in subsidiary will accrete to the estimated amount to settle the liability through charges to net earnings which are recorded as Accretion of long-term liabilities. As at February 28, 2009, the puttable interest liability was re-measured, based on management's current expectations of the amount required to settle the put options which represent a decrease compared to prior year's estimates. The estimated future cash flows were discounted at 19.4%. The present value of the effect of the decrease of $18.3 million has been recorded as a reduction of the liability as at February 28, 2009 and a reduction of the accretion expense for the three and six months then ended.

11. DERIVATIVE INSTRUMENTS

Included in derivative instruments, as at February 28, 2009, are derivative instruments with a fair value of $ 105 million. The derivative instrument is secured by Canwest Media Inc.'s assets including the assets of its Canadian television operations, the National Post partnership, the partnership units of the Canwest Limited Partnership and the shares of Ten Holdings and CW Media. In March 2009, the Company settled $38 million of this liability and entered in further derivative contracts to fix the value of this obligation. The Company has two payments remaining under this obligation of $10 million in May 2009 and $57 million in August 2009.

12. DISCONTINUED OPERATIONS

During February, 2009, the Company reached an agreement to sell The New Republic as the Company concluded that the expectations for this asset were not consistent with the Company's long-term growth strategy. The results of this operation were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of The New Republic were reported within the Publishing segment. The classification of The New Republic as a discontinued operation increased earnings from continuing operations by $3 million for both the three and six months ended February 28, 2009 (for the three and six months ended February 29, 2008 – $1 million and $1 million, respectively). Cash flows from operating activities of continuing operations increased by $1 million for both the three and six months ended February 28, 2009 (for the three and six months ended February 29, 2008 – $1 million and $2 million, respectively).

During July 2008, the Company reached an agreement to sell its United Kingdom radio stations as the Company concluded that the expectations for these assets were not consistent with the Company's long-term growth strategy. The Company recorded a loss of $7 million on the sale of these stations. As a result, the results of these operations were classified as a discontinued operation in the consolidated statements of earnings (loss), the net cash flows were classified as operating, investing and financing activities from discontinued operations in the consolidated statements of cash flows and the assets and liabilities were classified on the consolidated balance sheets as assets and liabilities of discontinued operations. Prior to the classification as a discontinued operation, the results of the United Kingdom radio stations were reported within the United Kingdom radio segment. The classification of the United Kingdom radio stations as a discontinued operation increased earnings from continuing operations by less than $1 million and $1 million for the three and six months ended February 29, 2008, respectively. Cash flows from operating activities of continuing operations increased by $2 million and $4 million for the three and six months ended February 29, 2008, respectively.

The loss from discontinued operations is summarized as follows:

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Revenue	803	1,337	1,825	2,868
Loss from discontinued operations before tax	(3,369)	(2,837)	(4,158)	(4,674)
Income tax recovery	(757)	-	(757)	-
Loss from discontinued operations	(2,612)	(2,837)	(3,401)	(4,674)
Loss from discontinued operations per share:				
Basic	($0.01)	($0.02)	($0.02)	($0.03)
Diluted	($0.01)	($0.02)	($0.02)	($0.03)

The carrying value of net assets related to discontinued operations are as follows:

	February 28, 2009	August 31, 2008
Current assets	529	714
Goodwill	-	-
Non-current assets	60	1,926
Current liabilities	(3,002)	(2,297)
Long-term debt	-	-
Other long-term liabilities	(117)	(756)
Net assets	(2,530)	(413)

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Foreign currency translation adjustment	Available for sale investments	Hedging derivative instruments designated as cash flow hedges	Total
Balance – August 31, 2008	(3,032)	-	(61,859)	(64,891)
Other comprehensive income (loss)	3,166	-	(38,274)	(35,108)
Balance – February 28, 2009	134	-	(100,133)	(99,999)

The Company has recorded an impairment loss in the three and six months ended February 28, 2009 on the available-for-sale investment of $7.3 million. The Company concluded that the accumulated loss is other than temporary based on the sale of the investment in March 2009.

The unrealized loss on foreign currency interest rate swaps that will be reclassified to interest expense over the next twelve months is approximately $15.3 million, net of tax of $6.1 million.

During the three and six months ended February 28, 2009, $51.4 million and $307.1 million foreign exchange gains, respectively (2008 – $21.3 million and $93.8 million losses, respectively) were reclassified to the net earnings (loss) from accumulated other comprehensive loss, representing foreign exchange gains on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange losses recognized on the related U.S. dollar denominated long-term debt. During the three and six months ended February 28, 2009, nil (2007 – nil) was recorded in net earnings (loss) which represented hedge ineffectiveness associated with cash flow hedging instruments.

During the three and six months ended February 28, 2009, the Company reclassified $8.8 million and $13.2 million, respectively (2008 - $1.4 million and $2.3 million, respectively) from accumulated other comprehensive loss to net earnings (loss). This amount has been recorded as a charge to interest expense and represents the effect of the hedging derivative instruments on the Company's interest expense.

14. EARNINGS PER SHARE

The following table provides a reconciliation of the denominators used in computing basic and diluted earnings per share from continuing operations. No reconciling items in the computation of net earnings (loss) from continuing operations exist:

	For the three months ended		For the six months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Basic weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,646,539
Dilutive effect of options	-	-	-	301,800
Diluted weighted average shares outstanding during the period	177,646,539	177,646,539	177,646,539	177,948,339
Options outstanding that would have been anti-dilutive	5,491,327	4,820,131	5,491,327	4,518,331

15. STOCK BASED COMPENSATION

Share Compensation Plans
The Company utilizes share compensation plans in order to provide employees of the Company and its subsidiaries the opportunity to participate in the growth and development of the Company.

Stock Option Plan
The Regular Options vest over a four year period and expire seven years after issuance. The Market Threshold Options vest on achievement of both four years service and a pre-defined price hurdle of closing prices during their seven year term. The exercise price represents the market trading price on the date on which the options were granted.

On November 18, 2008, the Company granted 601,300 Regular Options and 355,700 Market Threshold Options to employees. All of these options expire on November 18, 2015 and were granted at an average exercise price of $0.76 per option. On November 6, 2007, the Company granted 528,900 Regular Options and 353,300 Market Threshold Options to employees. All of these options expire on November 6, 2014 and were granted at an average exercise price of $7.50 per option. The fair value of both the Regular Options and Market Threshold Options granted was estimated using a binomial option pricing model with the assumptions of dividend yield of nil (2007 – nil), an expected volatility of 47% (2007 - 28%), risk free interest rates of 3.1% (2007 - 4.2%) and an expected life of five years (2007 - six years). The total fair value of the Regular Options issued was $0.2 million (2007 - $1.4 million), an average of $0.34 (2007 - $2.61) per option. The total fair value of the Market Threshold Options was $0.1 million (2007 - $0.9 million), an average of $0.33 (2007 - $2.44) per option.

The Company recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.2 million (2008 -$0.2 million) related to the Stock Option Plan.

Restricted Share Unit Plan
Eligible participants receive grants of Restricted Share Units ("RSU"), under the RSU Plan, which are settled by the issuance of an equivalent number of shares for nil consideration at the end of the three year term if the attainment of specified performance goals as determined by the Board have been met. Additional RSU's are granted if the Company declared dividends prior to the settlement date.

On November 16, 2008, the Company granted 330,700 restricted share units under the RSU Plan. On November 6, 2007, the Company granted 305,200 restricted share units under the RSU Plan. The fair value at the time of issuance was $0.76 (2007 - $7.50) per RSU.

The Company recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.3 million (2007 -$0.2 million) related to the Restricted Share Unit Plan.

Deferred Share Unit Plan
The Company utilizes a Deferred Share Unit Plan ("DSU") as a component of its compensation plan for Directors. Under the DSU Plan, directors may elect to receive their compensation in cash, DSUs or a combination thereof. DSUs are issued at the market trading price of the Company's subordinate voting shares on the grant date. DSUs vest immediately and are only redeemable after the participant ceases to be a director. DSUs are redeemable for cash based on the value of the Company's subordinate voting shares at the redemption date.

Compensation expense related to the DSU Plan was a recovery of $0.3 million for the six months ended February 28, 2009 (2008 – expense of $0.2 million).

Discontinued Share Compensation Plan
On November 6, 2007, the Company made a final grant of options under the Discontinued Share Compensation Plan. The options under the Discontinued Share Compensation Plan vest over 5 years and expire in ten years. The Company has recorded compensation expense and a credit to contributed surplus for the six months ended February 28, 2009 of $0.9 million (2008 – $1.1 million) related to the Discontinued Share Compensation Plan.

For the six months ended February 28, 2009, the Company recorded total compensation expense of $1.1 million (2008 - $1.7 million), a credit to contributed surplus of $1.4 million (2008 - $1.5 million) and a debit to accrued liabilities of $0.3 million (2008 - credit of $0.2 million) related to all its share-based compensation plans.

16. OTHER LONG-TERM INCENTIVE PLANS

The Company has a long-term incentive plans for eligible Canadian television and CW Media employees, the Broadcast Share Appreciation Rights Plan ("Broadcast SAR Plan") and the Broadcast RSU Plan.

Broadcast SAR Plan
Eligible participants receive grants of Broadcast SARs which entitle them to participate in the growth in the notional share value of the broadcast operations. Regular share appreciation rights ("Regular SARs") vest at a rate of 25% per year. Performance threshold share appreciation rights ("Performance Threshold SARs") vest at a rate of 25% per year if certain EBITDA growth rates, as set by the Board, are met. At the grant date the recipients can opt to have the SARs settled at each vesting date or at the end of the four year term.

On November 16, 2008, the Company issued 66,900 regular SARs and 17,600 Performance Threshold SARs. On November 6, 2007, the Company issued 76,000 regular SARs and 17,600 Performance Threshold SARs. At the time of issuance, the notional share value was $12.76 (2007 -$10.00) per SAR.

In January 2008, the Company approved an issuance of 565,472 Special Performance SARs. At the time of issuance, the notional value was $10.00 per Special Performance SAR. These SARs vest 50% in 2011 and 50% in 2012 if certain EBITDA growth rates are met.

Broadcast RSU Plan
Eligible participants receive grants of Broadcast RSUs which are settled at the end of a three year term provided that specified performance goals or other factors as determined by the Board have been met. The vested RSUs are settled through a cash payment equal to the notional share value at the end of the most recently completed quarter prior to the settlement date times the number of RSUs held.

On November 16, 2008, the Company issued 37,200 Broadcast RSUs. On November 6, 2007, the Company issued 46,000 Broadcast RSUs. The notional share value at the time of issuance was $12.76 (2007 -$10.00) per RSU.

For the six months ended February 28, 2009, the Company recorded a nominal expense and a financial liability related to these plans.

17. RELATED PARTY TRANSACTIONS

A company affiliated with the Company's controlling shareholders owns Canwest Place in Winnipeg, Manitoba, a building in which the Company is a tenant. During the six months ended February 28, 2009, rent paid to this company amounted to $0.5 million (2008 - $0.6 million) and is included in selling, general and administrative expenses. The annual obligations under these operating leases of $0.7 million and $0.4 million continue until August 2010 and May 2018, respectively. In addition, during the six months ended February 28, 2009, the Company has included nil (2008 - $0.3 million) of building development expenses payable to this company.

All related party transactions have been recorded at the exchange amounts, which are representative of market rates.

18. PENSION, POST RETIREMENT AND POST EMPLOYMENT BENEFITS

The Company has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension, post retirement and post employment benefits to its employees. Its defined benefit pension plans are based on years of service and final average salary. Information regarding the components of net periodic benefit cost for the Company's defined benefit plans is presented below:

	Pension benefits For the three months ended		Post retirement/ employment benefits For the three months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Current service cost	4,398	4,944	589	455
Accrued interest on benefits	7,963	7,660	879	727
Expected return on plan assets	(7,251)	(7,256)	-	-
Amortization of transitional obligation	110	109	76	76
Amortization of past service costs	354	354	170	34
Amortization of net actuarial loss (gain)	431	823	(176)	(28)
Changes in valuation allowance	(8)	(10)	-	-
Total pension and post retirement/employment benefit expense	5,997	6,624	1,538	1,264

	Pension benefits For the three months ended		Post retirement/ employment benefits For the three months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Current service cost	8,797	9,887	1,179	911
Accrued interest on benefits	15,927	15,321	1,757	1,453
Expected return on plan assets	(14,501)	(14,513)	-	-
Amortization of transitional obligation	220	217	152	152
Amortization of past service costs	709	709	339	68
Amortization of net actuarial loss (gain)	861	1,646	(351)	(56)
Changes in valuation allowance	(17)	(21)	-	-
Total pension and post retirement/employment benefit expense	11,996	13,246	3,076	2,528

19. CONTINGENCIES

(a) Arbitration related to amounts owed by Hollinger International Inc., Hollinger Inc. and certain related parties (collectively "Hollinger") related to certain unresolved adjustments and claims related to its November 15, 2000 acquisition of certain newspaper assets from Hollinger have been settled. During the three months ended February 28, 2009, the arbitrator awarded the Company a net settlement of $50.7 million plus interest and costs. The Company and Hollinger negotiated a settlement of $34 million which was accrued at February 28, 2009 and received in March 2009. The Company applied $20 million against receivables from Hollinger and $14 million against the Publishing segment goodwill. An amount of $30 million from this settlement is being held in the Collateral Deposit Account (note 21).

(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 shareholders 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 by the same minority shareholders, which was substantially the same as the previous claim, seeking damages of $425 million. In June 2005, the Company filed a Statement of Defence and Counterclaim. In its defence, the Company denies any liability to the plaintiffs and in its Counterclaim, the Company is seeking a declaration of the fair value of the former minority shareholders' interest in CBL and repayment of the difference between the fair value and the redemption amount paid by the Company to the former shareholders. The Company believes the allegations in the Statement of Claim are substantially without merit and not likely to have a material adverse effect on its business, financial condition or results of operation. The outcome of this claim is not currently determinable and the Company intends to vigorously defend this lawsuit.

(c) The Company 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. The outcome of this claim is not currently determinable.

(d) 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.

20. SEGMENT INFORMATION

The Company operates primarily within the publishing, television, radio and out-of-home advertising industries in Canada, Australia and Turkey. Segment information has been retroactively revised to reflect the Company's current reportable segment structure due to the sale of the United Kingdom radio segment.

Each segment operates as a strategic business unit with separate management. Segment performance is measured primarily upon the basis of segment operating profit. The Company accounts for intersegment revenue as if the revenue was to third parties.

Segment information and a reconciliation from segment operating profit to earnings before income taxes are presented below:

	Revenue[1] [2] For the three months ended		Segment operating profit For the three months ended		Revenue[1] [2] For the six months ended		Segment operating profit For the six months ended	
	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)	February 28, 2009	February 29, 2008 (Revised note 12)
Operating Segments								
Publishing[4]	257,729	305,586	32,432	60,206	592,704	666,349	106,284	162,800
Television								
Canada[3,4]	146,290	150,496	(265)	(7,182)	346,205	361,288	31,457	25,068
CW Media	87,459	83,770	31,830	26,871	193,558	180,897	76,113	64,003
	233,749	234,266	31,565	19,689	539,763	542,185	107,570	89,071
Australia	111,764	138,652	19,348	35,101	313,945	380,988	93,732	138,606
Total television	345,513	372,918	50,913	54,790	853,708	923,173	201,302	227,677
Radio – Turkey	2,138	3,346	943	1,093	5,484	6,910	2,234	2,677
Out-of-home	31,797	39,070	(1,293)	1,706	70,994	81,357	2	4,848
Intersegment revenue	(549)	(738)	-	-	(1,178)	(2,276)	-	-
Corporate and other	-	-	(7,659)	(9,239)	-	-	(14,863)	(18,751)
	636,628	720,182	74,336	108,556	1,521,712	1,675,513	294,595	379,251
Restructuring expenses	-	-	(19,728)	(4,611)	-	-	(34,503)	(16,256)
Broadcast rights impairments	-	-	(40,196)	-	-	-	(40,196)	-
	636,628	720,182	15,412	103,945	1,521,712	1,675,513	220,260	362,995
Elimination of equity accounted affiliates[4]	-	(19,644)	-	(9,025)	-	(108,767)	-	(44,440)
	636,628	700,538	15,412	94,920	1,521,712	1,566,746	220,260	318,555
Amortization of intangibles			1,912	2,217			4,089	4,648
Amortization of property and equipment			27,843	28,466			54,317	53,349
Other amortization			511	218			659	440
Operating income (loss)			(14,854)	64,019			161,195	260,118
Interest expense			(75,779)	(77,769)			(156,196)	(160,204)
Accretion of long-term liabilities			(9,829)	(24,197)			(38,062)	(48,078)
Interest income			545	3,400			1,310	19,769
Interest rate and foreign currency swap gains (losses)			(6,513)	(13,171)			19,970	(40,930)
Foreign exchange gains (losses)			(15,878)	(1,814)			(83,379)	4,273
Investment gains, losses and write-downs			(5,509)	(332)			(6,672)	2,536
Impairment loss on property and equipment			(32,374)	-			(32,374)	-
Impairment loss on goodwill			(923,131)	-			(923,131)	-
Impairment loss on intangible assets			(238,225)	-			(238,903)	-
Earnings (loss) before income taxes and other items			(1,322,225)	(49,864)			(1,296,242)	37,484

(1) Represents revenue from third parties. In addition, the following segments recorded intercompany revenue: Canadian television – $0.4 million (2008 – $1.3 million), Publishing – $0.8 million (2008 – $1.0 million).
(2) Revenue consists of advertising revenue of $521 million and $1,290 million for the three and six months ended February 28, 2009, respectively (2008 - $637 million and $1,390 million, respectively) and circulation and subscriber revenue of $115 million and $232 million for the three and six months ended February 28, 2009, respectively (2008 - $63 million and $177 million, respectively).
(3) Revenue in the six months ended February 28, 2009 includes $5.1 million of retransmission fees related to prior years. The Company has determined this adjustment is not material to the recorded results and accordingly the adjustment has been included in net earnings (loss). This adjustment reduced the loss per share by $0.02 per share.
(4) Operating expenses for the three and six months ended February 28, 2009 includes a reduction of $6.2 million and $1.4 million for employee health and insurance benefits related to prior years for the Publishing and Canadian television operating segments, respectively. The Company has determined these adjustments are not material to the recorded results and accordingly the adjustments have been included in net earnings (loss). These adjustments reduced the loss per share by $0.03 per share.
(5) Elimination of the Company's equity interest in regulated entities of CW Media.

21. SUBSEQUENT EVENTS

(a) In March 2009, Canwest Media Inc. agreed to the establishment of a deposit account ("Collateral Deposit Account") to be administered by its senior lenders. Approximately $50 million has been deposited into this account (as described below) and, except to the extent permitted by the waiver agreement as discussed above, Canwest Media Inc. is not entitled to withdraw any amount from this account without the consent of the senior lenders. In addition, the senior lenders can use the amounts deposited in this account to satisfy obligations under the senior credit facility (including the derivative instruments) as they come due.

(b) In March 2009, Canwest Media Inc. settled the fair value swaps on its 8% senior subordinated notes. Canwest Media Inc. received cash proceeds of $105 million of which $38 million was applied to outstanding liabilities on its derivative instruments, $47 million was used to repay its senior credit facility and $20 million was deposited into the Collateral Deposit Account.

(c) In March 2009, the Company received $34 million in full settlement of amounts owing to Canwest Media Inc. and Canwest Publications Inc. pursuant to an arbitration award in connection with its dispute with Hollinger International Inc. (now Sun-Times Media Group Inc.) relating to unresolved adjustments and claims associated with the November 15, 2000 acquisition of certain newspaper assets (note 19). Of the proceeds $30.5 million owing to Canwest Media Inc. was deposited into the Collateral Deposit Account