TAB C

THIS IS EXHIBIT “C” REFERRED TO IN THE

AFFIDAVIT OF JOHN E. MAGUIRE

SWORN BEFORE ME

ON THIS 5TH DAY OF OCTOBER, 2009

A COMMISSIONER FOR TAKING AFFIDAVITS
Shawn Irving

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
One Lombard Place, Suite 2300
Winnipeg, Manitoba
Canada R3B 0X6
Telephone +1 (204) 926 2400
Facsimile +1 (204) 944 1020

November 13, 2008

Auditors' Report

To the Shareholders of Canwest Global Communications Corp.

We have audited the accompanying consolidated balance sheets of **Canwest Global Communications Corp.** (the "Company") as at August 31, 2008 and 2007 and the related consolidated statements of earnings (loss), comprehensive income (loss), retained earnings (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Winnipeg, Canada

"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)
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars except as otherwise noted)

	2008	2007 (Revised note 18)
Revenue	3,145,985	2,864,158
Operating expenses	1,714,599	1,560,475
Selling, general and administrative expenses	853,014	811,690
Restructuring expenses (note 5)	20,715	-
	557,657	491,993
Amortization of intangibles	9,040	6,395
Amortization of property and equipment	113,994	93,330
Other amortization	596	1,403
Operating income	434,027	390,865
Interest expense	(328,517)	(190,227)
Accretion of long term liabilities (note 11)	(67,560)	(3,603)
Interest income (note 4)	22,162	5,946
Amortization of deferred financing costs	-	(12,794)
Interest rate and foreign currency swap gains (losses) (notes 9 and 22)	(53,991)	15,955
Foreign exchange gains (losses) (note 4)	(10,219)	9,690
Investment gains, losses and write-downs (note 17)	(31,652)	8,448
Impairment loss on intangible assets (notes 8)	(408,484)	-
Impairment loss on goodwill (note 7)	(601,318)	-
	(1,045,552)	224,280
Provision for (recovery of) income taxes (note 16)	(21,449)	94,013
Earnings (loss) before the following	(1,024,103)	130,267
Minority interest	(42,439)	(105,490)
Interest in earnings of equity accounted affiliates (note 4)	39,989	2,422
Realized currency translation adjustments	850	(5,351)
Net earnings (loss) from continuing operations	(1,025,703)	21,848
Gain (loss) on sale of discontinued operations (note 18)	(6,970)	251,998
Earnings (loss) from discontinued operations (note 18)	(7,407)	5,481
Net earnings (loss) from discontinued operations	(14,377)	257,479
Net earnings (loss) for the year	(1,040,080)	279,327
Earnings (loss) per share from continuing operations (note 14):		
Basic	($5.77)	$0.12
Diluted	($5.77)	$0.12
Earnings (loss) per share (note 14):		
Basic	($5.85)	$1.57
Diluted	($5.85)	$1.57

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED BALANCE SHEETS
AS AT AUGUST 31
(In thousands of Canadian dollars)

	2008	2007 (Revised note 18)
ASSETS		
Current Assets		
Cash and cash equivalents	75,994	125,176
Accounts receivable (note 22)	560,674	493,324
Inventory	10,710	8,907
Investment in broadcast rights	278,194	169,681
Future income taxes (note 16)	52,712	16,824
Other current assets	36,448	43,750
Assets of discontinued operations (note 18)	-	3,100
	1,014,732	860,762
Other investments (note 4)	28,308	1,542,097
Investment in broadcast rights	191,630	39,001
Property and equipment (note 6)	713,867	677,527
Future income taxes (note 16)	369,791	187,933
Other assets	112,480	159,628
Intangible assets (note 8)	1,757,425	1,285,478
Goodwill (note 7)	2,326,561	2,336,735
Assets of discontinued operations (note 18)	-	5,890
	6,514,794	7,095,051
LIABILITIES		
Current Liabilities		
Accounts payable	220,030	216,298
Accrued liabilities (note 5)	307,979	332,521
Income taxes payable	29,404	64,967
Broadcast rights payable	130,279	71,603
Deferred revenue	41,656	42,167
Future income taxes (note 16)	39,475	38,153
Current portion of long term debt and obligations under capital leases	16,738	15,295
Current portion of hedging derivative instruments (notes 9 and 22)	32,737	-
Current portion of derivative instruments (note 22)	143,821	4,805
Liabilities of discontinued operations (note 18)	-	897
	962,119	786,706
Long term debt (note 9)	3,461,942	3,589,947
Hedging derivative instruments (notes 9 and 22)	237,786	-
Derivative instruments (note 22)	12,416	147,131
Obligations under capital leases (note 10)	7,241	11,381
Other long term liabilities	300,148	255,727
Future income taxes (note 16)	171,264	109,878
Deferred gain (note 16)	171,102	-
Puttable interest in subsidiary (note 11)	545,394	483,568
Minority interest	78,149	45,682
Liabilities of discontinued operations (note 18)	-	1,086
	5,947,561	5,431,106
Commitments, contingencies and guarantees (note 26)		
Subsequent event (note 29)		
SHAREHOLDERS' EQUITY		
Capital stock (note 12)	852,375	852,375
Contributed surplus (note 12)	14,304	10,884
Retained earnings (Deficit)	(234,555)	806,471
Accumulated other comprehensive loss (note 15)	(64,891)	(5,785)
	(299,446)	800,686
	567,233	1,663,945
	6,514,794	7,095,051

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars)

	2008	2007
Net earnings (loss) for the period	(1,040,080)	279,327
Other comprehensive income		
Unrealized foreign currency translation gains on net assets of self-sustaining foreign operations	3,603	6,320
Realized foreign currency translation losses (gains) on net assets of self-sustaining foreign operations	(850)	5,351
Foreign currency translation adjustment (note 15)	2,753	11,671
Change in fair value of hedging derivative instruments designated as cash flow hedges (net of tax of $17.5 million) (note 15)	(40,833)	-
Unrealized loss on available-for-sale investment (net of tax of nil) (note 15)	(30,929)	-
Reclassification of impairment loss realized in net loss for the period (net of tax of nil) (notes 4 and 15)	32,716	-
	1,787	-
Comprehensive income (loss) for the period	(1,076,373)	290,998

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars)

	2008	2007
Retained earnings - beginning of year	806,471	527,144
Adoption of new accounting policies, net of tax of $0.5 million (note 2)	(946)	-
	805,525	527,144
Net earnings (loss) for the year	(1,040,080)	279,327
Retained earnings (Deficit) - end of year	(234,555)	806,471

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

CANWEST GLOBAL COMMUNICATIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31
(In thousands of Canadian dollars)

	2008	2007 (Revised note 18)
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings (loss) for the year	(1,040,080)	279,327
Net loss (earnings) from discontinued operations	14,377	(257,479)
Items not affecting cash		
Amortization	123,630	113,922
Non-cash interest expense (income)	42,257	(273)
Accretion of long term liabilities	67,560	-
Future income taxes	(62,258)	16,614
Realized foreign currency translation adjustments	(850)	5,351
Interest rate and foreign currency swap (gains) losses, net of settlements	33,551	(14,835)
Impairment loss on goodwill and intangible assets	1,009,802	-
Investment gains, losses and write-downs	31,652	(8,448)
Pension expense in excess of employer contributions	4,554	6,918
Minority interest	42,439	105,490
Earnings from equity accounted affiliates	(39,989)	(2,422)
Foreign exchange (gains) losses	7,951	(10,022)
Stock based compensation expense (note 12)	3,420	1,116
Repayment of non-cash accrued interest on long term debt	(31,719)	-
	206,297	235,259
Changes in non-cash operating accounts (note 19)	(109,545)	1,892
Cash flows from operating activities of continuing operations	96,752	237,151
Cash flows from operating activities of discontinued operations (note 18)	(6,034)	31,137
Cash flows from operating activities	90,718	268,288
INVESTING ACTIVITIES		
Other investments (note 4)	-	(21,024)
Acquisitions (note 3)	(2,580)	(1,443,554)
Redemption of Class A Limited Partnership Units (note 3)	-	(496,923)
Proceeds from sale of discontinued operations (notes 3 and 18)	-	311,947
Proceeds from divestitures (note 17)	-	1,200
Payment of acquisition costs	(35,921)	-
Cash from equity accounted affiliates (note 4)	45,595	-
Proceeds from sales of other investments (note 4)	-	30,672
Proceeds from sales of property and equipment	139	4,349
Purchase of property and equipment	(128,177)	(103,214)
Investing activities from discontinued operations	(1,336)	(8,071)
	(122,280)	(1,724,618)
FINANCING ACTIVITIES		
Issuance of long term debt, net of financing costs	308,978	3,311,801
Repayment of long term debt (note 9)	(311,822)	(2,126,542)
Advances (repayments) of revolving facilities, net of financing costs (note 9)	45,412	(269,776)
Settlement of swap liabilities	-	22,522
Swap recouponing payments (note 9)	(5,000)	-
Payments of capital leases	(3,182)	(3,639)
Issuance of share capital	-	214
Issuance of puttable interest in subsidiary	-	479,965
Payment of distributions to minority interest	(54,622)	(97,871)
Financing activities from discontinued operations (note 18)	-	(13,363)
	(20,236)	1,303,311
Foreign exchange gain on cash denominated in foreign currencies	2,616	777
Net change in cash and cash equivalents	(49,182)	(152,242)
Cash and cash equivalents– beginning of year	125,176	277,418
Cash and cash equivalents– end of year	75,994	125,176

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

CANWEST GLOBAL COMMUNICATIONS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2008 AND 2007
(In thousands of Canadian dollars except as otherwise noted)

1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an international media company with interests in conventional television, specialty television channels, out-of-home advertising, publishing and websites in Canada, Australia, Turkey, and the United States. The Company's operating segments include television, publishing, radio and out-of-home advertising. The Canadian television segment includes the operation 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 Investments") 18 Canadian specialty television channels. The Australian television segment includes Ten Network Holdings Limited's ("Ten Holdings") Ten Television Network ("Network Ten"). The Publishing segment includes the publication of a number of newspapers and magazines, including metropolitan daily newspapers, the *National Post* and *The New Republic*, 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 ("Eye Corp"), 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 includes 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 revenues include subscription revenues which are derived from a variety of sources. Publishing revenues include advertising, circulation and subscriptions which are derived from a variety of sources. The Company's advertising revenues are seasonal. Revenues and accounts receivable are highest in the first and third quarters, while expenses are relatively constant throughout the year.

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

Basis of presentation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in Canadian dollars unless otherwise noted.

Principles of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, all variable interest entities ("VIE's") for which it is the primary beneficiary with provision for non controlling interests and the Company's pro rata share of the assets, liabilities, and results of operations of three Canadian specialty television channel joint ventures. During 2007, the Company exchanged its economic interest in Ten Group Pty Limited ("Ten Group") into common shares of Ten Holdings resulting in 57% voting equity in Ten Holdings. Prior to the exchange, the Company had determined that it was the primary beneficiary of Ten Group and, as a result, consolidated Ten Group in accordance with CICA Accounting Guideline 15 ("AcG-15").

The Company holds a 67% voting interest and a 35% equity interest in CW Investments, the parent of CW Media Holdings Inc. ("CW Media"), which indirectly holds interests in 18 Canadian specialty television channels. The Company consolidates 100% of CW Investments because the 65% equity interest held by Goldman Sachs Capital Partners ("Goldman Sachs") is classified as a financial liability ("Puttable interest in subsidiary"). Certain operations held by CW Media were held in trust and operated by a trustee until the Canadian Radio-television and Telecommunications Commission ("CRTC") approved the transfer of effective control of the trust assets to CW Investments on December 20, 2007, subject to certain conditions which were subsequently satisfied. Accordingly, the Company has consolidated the results of these operations since December 21, 2007. While in trust, these entities were accounted for using the equity method of accounting.

Variable Interest Entities

The Company has a 20% equity interest in *Super FM* and no equity interest in *Metro FM, Joy FM* and *Joy Turk FM.* The Company provided interest free financing to a third party, who is unrelated to the Company but continues to provide legal and advisory services to the Company and certain subsidiaries, to acquire 100% of the equity and voting interests in a Turkish Company which in turn owns 80% of the common shares of the company that holds the licence of *Super FM* and 100% of the common shares of the companies that hold the licences for *Metro FM, Joy FM* and *Joy Turk FM* ("Licence Companies"). The Company issued interest free loans to the companies that hold the licence in order for these licence companies to acquire the licences and related assets. The loan arrangements with the third party contains provisions which, subject to compliance with Turkish foreign ownership restrictions, allows the Company or its designate to acquire the third party's ownership or allows the third party to put the shares to the Company or its designate for a specified amount which is equivalent to the balance of the third party loan. The third party also agreed not to assign, transfer, sell, encumber or grant any lien or security over the shares. The third party receives no compensation for his involvement in the structure, however, the third party does receive fees for the Turkish legal services provided to the Company. The Company through wholly owned subsidiaries has also entered into agreements to provide operational, sales, and advisory services to each station on a fee for service basis ("Operational Agreements") to the Licence Companies. The Licence Companies record advertising revenue and pay expenses based on the Operational Agreements. The Company, through directly owned subsidiaries, employs all the Turkish employees and provide services in accordance with the Operational Agreements. As a result of the Company's equity interest, financing of the purchase and Operational Agreements, the Company has determined that it is the primary beneficiary, as defined by AcG-15, of these radio stations and accordingly, the Company has consolidated these radio stations.

The Company identified a VIE of which it is not the primary beneficiary and therefore, the entity has not been consolidated. The Company has a 49% equity interest in and loans receivable from this corporation which operates a specialty television channel. The channel is not operated by the Company and the investment is accounted for using the equity method. The Company's maximum exposure to loss at August 31, 2008 is limited to the carrying amount of its equity interest of $2.1 million and loans receivable of $6.8 million. At August 31, 2008, the entity had assets of $1.8 million.

The Company 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. The Company has determined 4437691 Canada Inc. is a variable interest entity and that the Company is not the primary beneficiary, accordingly the investment is classified as available for sale and is accounted for at cost. In accordance with its agreement with Goldman Sachs, the Company may be required to fund 50% of the entity's cash flow requirements. The Company 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.

Investments

The Company accounts for investments in which it exercises significant influence, but not control, using the equity method. A provision for loss in value of investments is recorded in net earnings when a decline in fair value is considered other than temporary.

Investment in broadcast rights

Investment in broadcast rights represent licenced rights acquired for broadcast on the Company's television channels. The Company records a liability for broadcast rights and the corresponding asset when the programs are available for telecast. Broadcast rights are charged to operating expenses as programs are telecast over the anticipated period of use. A loss is recognized when the carrying amount exceeds net realizable value.

Broadcast advances, included in other assets, represent payments for programming prior to the licence window start date and are transferred to broadcast rights on the licence window start date, provided the programming has been delivered.

The broadcast right asset is segregated on the balance sheet between current and non-current based on estimated time of usage. The broadcast right liability is segregated on the balance sheet between current and non-current based on the payment terms.

Foreign currency translation

The Company's operations in self-sustaining foreign operations have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Any recognized and unrecognized gains or losses arising from the translation of these accounts are recorded in accumulated other comprehensive income (loss) ("AOCI"). An applicable portion of gains and losses is transferred to net earnings when there is a reduction of the net investment.

Property and equipment

Property and equipment are recorded at cost. Amortization is provided over the assets' estimated useful lives on a straight-line basis at the following annual rates:

Buildings	2 1/2% - 5%
Machinery and equipment	4% - 50%
Leasehold and land improvements	2 1/2% - 20%

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred. This obligation is subsequently adjusted for the passage of time and for any revisions to the timing or the amount required to settle the obligation. Upon initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of property and equipment. This cost is amortized on the same basis as the related asset. Changes in the asset retirement obligation due to the passage of time and the amortization of the asset retirement cost are recorded in interest expense.

CRTC benefit obligations

CRTC benefit obligations committed, as part of a business combination, are initially recorded at the present value of amounts to be paid net any expected cash inflows determined using the initial interest rate. The obligation is subsequently adjusted for the passage of time and for any revisions to the timing of the amount of cash flows. Changes in the obligation due to the passage of time are recorded in Accretion expense of long term liabilities.

Impairment of long-lived assets

Impairment of long-lived assets is recognized when an event or change in circumstances causes the assets' carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is calculated by deducting the fair value of the asset or group of assets from its carrying value.

Disposal of long-lived assets and discontinued operations

Long-lived assets are classified as held for sale when specific criteria are met, in accordance with CICA 3475, "Disposal of Long-Lived Assets and Discontinued Operations". Assets held for sale are measured at the lower of their carrying amounts and fair values less costs to dispose and are no longer amortized. Assets and liabilities classified as held for sale are reported separately on the balance sheet. A component of the Company that is held for sale is reported as a discontinued operation if the operations and cash flows of the component will be eliminated from the ongoing operations as a result of the disposal transaction and the Company will not have a significant continuing involvement in the operations of the component after the disposal transaction. The Company does not allocate interest on the parent company debt to discontinued operations.

Deferred Charges

Certain pre-operating costs incurred in new business undertakings are deferred prior to the commencement of commercial operations, which is generally the time at which subscriber and advertising revenues commence. Pre-operating costs deferred in the current year amounted to nil (2007 – $0.8 million). Pre-operating costs are amortized over a period of five years and are included in other amortization.

Capitalization of interest

Interest is capitalized as part of the cost of certain assets while they are being prepared for use. Interest of $5.4 million was capitalized in 2008 (2007 - $5.0 million).

Intangible assets

Broadcast licences, brands, site licences, newspaper mastheads, circulation and other intangible assets are recorded at their cost which, for business acquisitions, represents the fair value at the date of the acquisition.

Circulation, site licences and other finite life intangibles are amortized over periods from 5 to 40 years. Finite life intangibles are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangibles with indefinite lives are not subject to amortization and are tested for impairment annually or when indicated by events or changes in circumstances. Impairment of an indefinite life intangible asset is recognized in an amount equal to the difference between the carrying value and the fair value of the related indefinite life intangible asset. The Company utilizes the Greenfield or relief of royalty approach, as appropriate, in determining the fair value of indefinite life intangible assets.

Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or when indicated by events or changes in circumstances by comparing the fair value of a particular reporting unit to its carrying value. When the carrying value exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying value to measure any impairment loss. Goodwill of equity accounted investments is not subject to annual impairment testing.

Revenue recognition

Television advertising revenue is recognized at the time commercials are broadcast. Subscriber revenue from specialty television is recognized monthly based on subscriber levels. Subscription and advertising revenues from publishing activities are recognized when the newspaper is delivered. Revenues derived from out-of-home advertising are recognized over the period the advertisement is displayed. Subscription revenues for news, business research and corporate financial information services are recognized on a straight-line basis over the term of the subscription or relevant contract.

Amounts received that do not meet all of the above criteria are recorded as deferred revenue on the balance sheet.

When a sales arrangement includes multiple advertising spots, the revenue is allocated to individual advertising spots under the arrangement based on relative fair values.

Income taxes

The asset and liability method is used to account for future income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of assets and liabilities including equity accounted investments. Future income tax assets and liabilities are measured using substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Future income tax assets are recognized to the extent that realization is considered more likely than not.

Inventory

Inventory, consisting primarily of printing materials, is valued at the lower of cost and net realizable values.

Pension plans and post retirement benefits

The Company maintains a number of defined benefit and defined contribution pension and other post retirement defined benefit plans. For the defined benefit plans, the cost of pension and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's estimate of expected plan investment performance, salary escalation, retirement ages of employees, expected health care costs, and other costs, as applicable. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight line basis over the average remaining service period of employees active at the date of the amendment. For each plan, the excess of the net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets at the beginning of the year is amortized over the average remaining service period of active employees. Transitional obligations are amortized on a straight line basis over the average remaining service life of the employees expected to receive benefits under the plans as of September 1, 2000. Gains or losses arising from the settlement of a pension plan are only recognized once responsibility for the pension obligation has been relieved. The average remaining service period of employees covered by the pension plans is 11 years (2007 – 12 years). The average remaining service period of the employees covered by the post retirement defined benefit plans is 12 years (2007 – 16 years). For the defined contribution plans, the pension expense is the Company's contribution to the plan.

Cash and cash equivalents

Cash equivalents are highly liquid investments with an original term to maturity of less than 90 days, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are designated as held for trading, and accordingly, are carried at fair value. Changes to fair value are recorded in net earnings.

Share-based compensation

The Company and certain subsidiaries have share-based compensation plans as described in note 12. The Company utilizes the fair value or intrinsic value approach, as appropriate, to account for share based compensation issued. The fair value of share-based compensation is recorded as a charge to net earnings based on the vesting period with a credit to contributed surplus. Under the intrinsic value approach, the value of the share based compensation is recorded as a charge to net earnings with a credit to accrued liabilities.

Other long term incentive plans

The Company has established long term incentive plans for eligible Canadian television employees including a Share Appreciation Rights Plan (the "Broadcast SAR Plan") and a Restricted Share Unit (the "Broadcast RSU Plan") (collectively the "Broadcast Plans").

Compensation cost attributable to the Broadcast Plans are recorded as an expense with a corresponding increase in accrued liabilities and are measured at intrinsic value. Changes in intrinsic value between the grant date and the measurement date result in a change in the compensation cost. Compensation cost is recognized over the vesting period using the graded vesting method for Broadcast Plans. Certain issuances under the Broadcast SAR Plan have performance vesting conditions, accordingly, in such arrangements compensation cost is recognized over the vesting period using the graded vesting method based on the Company's best estimate of the achievement of the performance condition.

Compensation cost attributable to the Broadcast RSUs granted under the Broadcast RSU plan is recognized as an expense with a corresponding increase in accrued liabilities and is measured at intrinsic value. Changes in intrinsic value between the grant date and the measurement date result in a change in the measure of compensation cost. Compensation cost is recognized over the vesting period using the graded vesting method.

The Broadcast plans are based on notional shares and a notional share value. The notional share value is determined based on a notional value of the Canadian broadcast operations, which is determined with reference to segment operating profit and long term debt, divided by a notional number of shares outstanding.

Financial instruments

All financial instruments are measured at fair value on initial recognition, except for certain related party transactions. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at amortized cost.

Amortized cost related to financial assets classified as held-to-maturity or loans and receivables and other financial liabilities is calculated using the effective interest method with changes recognized as income or expense in net earnings.

Collectibility of trade receivables is reviewed on an ongoing basis. An allowance account is used when there is objective evidence that it is impaired. The factors that are considered in determining if a trades receivable is impaired include whether a customer is in bankruptcy, under administration or if payments are in dispute. The offsetting expense is recognized in the net earnings within operating expenses. When a trade receivable for which an impairment allowance had been recognized becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses in net earnings.

Financial assets classified as available-for-sale that do not have a quoted market price in an active market are measured at cost. If a financial asset is classified as available-for-sale, the cumulative unrealized gain or loss is recognized in AOCI and recognized in earnings upon sale or other-than-temporary impairment. The Company designates financial assets as available-for-sale if it is not a loan and receivable or required to be designated as held-for-trading. The Company assesses whether a financial asset is other-than-temporarily impaired by assessing whether there is a significant or prolonged decline in fair value and objective evidence of impairment exists such as financial difficulty, breach or default of contracts, probability of bankruptcy or other financial reorganization.

Gains and losses related to financial assets and financial liabilities classified as held-for-trading are recorded in earnings in the period in which they arise. The Company designates financial assets and financial liabilities as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing the near term.

The Company applies trade date accounting for its purchases and sales of financial assets.

Derivative financial instruments

All derivative financial instruments including those that are part of an effective hedging relationship are measured at fair value on the consolidated balance sheet. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. If certain conditions are met, an embedded derivative is bifurcated from the host contract and accounted for as a derivative in the consolidated balance sheet, and measured at fair value.

Derivative financial instruments are used to reduce foreign currency and interest rate risk on the Company's debt. The Company does not enter into derivative financial instruments for trading or speculative purposes. The Company's policy is to designate each derivative financial instrument as a cash flow or fair value hedge of a specifically identified debt instrument at the time the Company enters into the derivative financial instrument. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of cash flow hedges, in an effective designated relationship, are recorded on the balance sheet as part of hedging derivative instruments. Cash flows related to the hedged item are classified in the same categories as the hedged item. In a cash flow hedge, the effective portion of the change in fair value of foreign currency and interest rate swaps is recognized in other comprehensive income ("OCI") and reclassified to net earnings during the periods when the variability of the cash flows of the hedged items affects net earnings. The ineffective portion is recognized in net earnings as interest expense and foreign exchange gains (losses), as appropriate. When payments are made on the underlying instruments, the realized portions of the amounts previously recognized in AOCI are reclassified to interest expense and foreign exchange gains (losses), as appropriate. When the hedging item ceases as a result of maturity, termination or cancellation, then the amounts previously recognized in AOCI are reclassified to net earnings during the periods when the variability in the cash flows of the hedged items affects net earnings. Gains and losses on the foreign currency and interest rate swaps are reclassified immediately to net earnings when the hedged items are extinguished.

The changes in fair value of fair value hedging derivatives are recorded in interest rate and foreign currency swap gains (losses) in the statement of net earnings. In addition, the changes in the fair value of the hedged risks ("basis adjustment") of the hedged instrument are also recorded in interest rate and foreign currency swap gains (losses). The Company amortizes the basis adjustment when the hedged item ceases to be subject to a basis adjustment. The fair value of fair value hedges, in an effective designated relationship, are recorded on the balance sheet as Hedging derivative instruments and cash flows are classified in the same categories as the hedged item.

Derivative financial instruments not qualifying for hedge accounting are recorded at fair value with changes in fair value recorded in net earnings as interest rate and foreign currency swap gains (losses). These cash flows are included in cash flows from operating activities.

Transaction costs

Transaction costs are expensed as incurred for financial instruments classified or designated as held for trading. For other financial instruments, transaction costs are included with the related financial instrument on initial recognition. Prior to adoption of CICA 3855, "*Financial Instruments – Recognition and Measurement*" transaction costs were deferred in other assets and amortized over the term of the related financial instrument.

2. ACCOUNTING CHANGES

On September 1, 2007, the Company adopted CICA 1530, "*Comprehensive Income*", 3251, "*Equity*", 3855, "*Financial Instruments – Recognition and Measurement*", 3861, "*Financial Instruments – Disclosure and Presentation*" and 3865, "*Hedges*". The adoption of these new standards resulted in changes in accounting for financial instruments as well as the recognition of certain transition adjustments that have been recorded in opening AOCI. The Company adopted these standards retroactively at the beginning of the year and in accordance with the transitional provisions, the prior period balances have not been restated except for the presentation of the foreign currency translation account. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

Comprehensive Income

Section 1530 introduces comprehensive income, which represents the change in an entity's net assets that results from transactions, events and circumstances related to sources other than the entity's shareholders. Comprehensive income consists of net earnings and OCI. OCI comprises revenue, expenses, gains and losses that in accordance with GAAP are recognized in comprehensive income, but excluded from net income such as unrealized gains and losses on available-for-sale investments, unrealized foreign currency gains and losses on self sustaining foreign operations and the effective portion of gains and losses on derivatives designated as cash flow hedges.

Equity

Section 3251 describes the changes in how to report and disclose equity and changes in equity as a result of the new requirements of Section 1530. Upon adoption of these standards, the Company has presented consolidated statements of comprehensive income for changes in these items during the period. Cumulative changes in OCI are included in AOCI which is presented as a new category within the Company's equity on its consolidated balance sheets (note 15).

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

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

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

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

- Cash and cash equivalents are classified as held-for-trading. Changes in fair value for the period are recorded in net earnings.
- Accounts and other receivables are considered loans and receivables and are initially recorded at fair value and subsequently measured at amortized cost.
- Due from related parties and advances to regulated entities are initially recorded at carrying amount or exchange amount, as appropriate, and are subsequently recorded at amortized cost. Interest income is recorded in net earnings, as applicable.
- Other investments in equity instruments are classified as available-for-sale. Accordingly, as at September 1, 2007, other investments in equity instruments were decreased by $1.8 million and opening AOCI decreased by $1.8 million, net of future income taxes of nil, to recognize investments at fair value at transition. The Company applies trade date accounting for these investments. Accordingly, other investments in equity instruments are recognized by the Company on the day the Company commits to purchase and derecognized on the day the Company commits to sell. Changes in fair value for the period are recorded in other comprehensive income unless they are other-than-temporarily impaired at which time the impairment is reclassified from accumulated other comprehensive income to net earnings. Available-for-sale financial assets that do not have a quoted market price in an active market are measured at cost unless they are other-than-temporarily impaired at which time the impairment is recorded in net earnings.
- Revolving credit facilities, bank indebtedness, accounts payable and accrued liabilities, broadcast rights payable, long term debt and puttable interest in subsidiary are considered other financial liabilities and are initially recorded at fair value and subsequently measured at amortized cost. Interest expense is recorded in net earnings, as applicable.

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

Transaction costs are expensed as incurred for financial instruments classified or designated as held for trading. For other financial instruments, transaction costs are included with the related financial instrument on initial recognition. On September 1, 2007, transaction costs consisted of debt issuance costs of $57.4 million which have been reclassified as a reduction of the related long term debt. Accordingly, other assets were decreased by $55.5 million and long term debt was decreased by $57.4 million and opening retained earnings was decreased by $1.3 million, net of future income taxes of $0.6 million, to account for the measurement difference upon adoption of the effective interest method.

Hedges

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

The Company has various derivative contracts outstanding, to manage interest rate and foreign currency risks, where there is corresponding debt outstanding that qualifies for hedge accounting under the provisions of Section 3865. The Company has designated certain of these hedging relationships as cash flow hedges and certain of these hedging relationships as fair value hedges, as appropriate. The Company uses these derivatives to manage the interest rate and foreign exchange risks associated with the related debt instruments.

Cash flow hedges

The fair value of cash flow hedges, in an effective designated relationship, are recorded on the balance sheet as part of Hedging derivative instruments. Cash flows related to the hedged item are classified in the same categories as the hedged item. In a cash flow hedge, the effective portion of the change in fair value of foreign currency and interest rate swaps is recognized in OCI and reclassified to net earnings during the periods when the variability of the cash flows of the hedged items affects net earnings. The ineffective portion is recognized in net earnings as interest expense and foreign exchange gains (losses), as appropriate. When payments are made on the underlying instruments, the realized portions of the amounts previously recognized in AOCI are reclassified to interest expense and foreign exchange gains (losses), as appropriate. When the hedging item ceases as a result of maturity, termination or cancellation, then the amounts previously recognized in AOCI are reclassified to net earnings during the periods when the variability in the cash flows of the hedged items affects net earnings. Gains and losses on the foreign currency and interest rate swaps are reclassified immediately to net earnings when the hedged items are extinguished. On adoption, as at September 1, 2007, Hedging derivative instruments were increased by $48.5 million, long term debt was decreased by $17.6 million, future income taxes were decreased by $9.9 million and opening AOCI was decreased by $21.0 million, to measure the foreign currency and interest rate swaps at fair value on the consolidated balance sheet and the effective portion of the hedging relationship in AOCI.

Fair value hedges

The changes in fair value of fair value hedging derivatives are recorded in Interest rate and foreign currency swap gains (losses) in the statement of net earnings. In addition, basis adjustments of the hedged instrument are also recorded in Interest rate and foreign currency swap gains (losses). The Company amortizes the basis adjustment when the hedged item ceases to be subject to a basis adjustment. The fair value of fair value hedges are recorded on the balance sheet as Hedging derivative instruments and cash flows are classified in the same categories as the hedged item.

As at September 1, 2007, Hedging derivative instruments were increased by $223.4 million, long term debt was decreased by $220.1 million related to the basis adjustment, future income taxes were decreased by $1.0 million and opening retained earnings was decreased by $2.3 million relating to the cumulative ineffectiveness of the fair value hedges.

Impact upon adoption of new accounting standards

The following is a summary of the transition adjustments recorded in opening retained earnings, AOCI and the balance sheet related to the adoption of these new accounting standards as at September 1, 2007.

	Increase (decrease)
Retained Earnings	
Change in accounting policies for hedge accounting, net of income taxes of $1.1 million	(2,292)
Adjustment related to accounting for debt issuance costs, net of income taxes of $0.6 million	1,346
	(946)
Accumulated Other Comprehensive Loss	
Unrealized loss on available-for-sale investments, net of income tax of nil	(1,787)
Effective portion of unrealized loss on hedging derivative instruments designated as cash flow hedges, net of tax of $9.9 million	(21,026)
	(22,813)
Balance Sheet	
Other investments	(1,787)
Other assets	(55,492)
	(57,279)
Long term debt	(295,068)
Hedging derivative instruments	271,891
Future income tax liabilities	(10,343)
	(33,520)
	(23,759)

Capital Disclosures

The Company adopted CICA 1535, "*Capital Disclosures*". CICA 1535 requires the Company to disclose information that enables users of its financial statements to evaluate its objectives, policies and procedures for managing capital including disclosures of any externally imposed capital requirements and the consequences for non-compliance. This information is disclosed in note 23.

Financial Instrument Disclosures and Presentation

The Company adopted CICA 3862, *"Financial Instrument–Disclosures"* and CICA 3863, *"Financial Instruments – Presentation"*. CICA 3862 revises and enhances the disclosure requirements related to financial instruments. The additional disclosures include disclosures relating to the designation of each financial asset, assets held for trading, assets pledged for liabilities or contingent liabilities, allowance for credit losses, where an instrument has both liability and equity components and multiple embedded derivatives, accounting policies and the basis of measurement used in preparing the financial statements and qualitative and quantitative disclosures related to risks arising from financial instruments. CICA 3863 revises the current presentation of financial instruments and non-financial derivatives. CICA 3863 addresses the classification of financial instruments between liabilities and equity, the classification of related interest, dividends, losses and gains and circumstances in which financial assets and liabilities are offset. This information is disclosed in note 22.

Proposed Accounting Changes

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 and disclose an entity's ability to continue as a going concern. The Company plans to, and must, apply the new standard effective September 1, 2008. The Company does not expect the adoption of such standard to have a significant impact.

Inventories

The AcSB issued CICA 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 plans to, and must, apply the new standard effective September 1, 2008. The Company does not expect the adoption of such standard to have a significant impact.

Goodwill and Intangible assets

The AcSB issued CICA 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 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. The Company plans to, and must, apply these new standards effective September 1, 2009. The Company does not expect the adoption of such standard to have a significant impact.

International Financial Reporting Standards

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, AcSB announced that IFRS will be used for, interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of September 1, 2011, will require the restatement for comparative purposes of amounts reported in its financial statements for the year ended August 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. ACQUISITIONS AND DIVESTITURES

Acquisitions

(a) On August 15, 2007, the Company and Goldman Sachs completed the acquisition of Alliance Atlantis. Concurrent with the completion of the acquisition, Alliance Atlantis' broadcast, entertainment and movie distribution businesses were reorganized. The Company does not have any continuing interest in the entertainment or movie distribution businesses.

As agreed between the Company and Goldman Sachs, the purchase price allocated to the broadcast business was $1,183 million, including transaction costs of $55 million. The Alliance Atlantis long term debt of $304 million was assumed by the Company and immediately repaid. The acquisition was financed through the Company's investment of $262 million for its 35% equity interest, Goldman Sachs' contribution of $481 million in exchange for its puttable interest and debt financing of $767 million, net of debt issuance costs of $23 million. CW Media, a wholly owned subsidiary of CW Investments, operates the acquired broadcast business which primarily consists of 18 specialty television channels in Canada.

The Company has, subject to regulatory approval, committed to combine its Canadian Television operations with CW Media operations (together being "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.

The acquisition was accounted for using the purchase method. As such, 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.

A summary of the adjusted fair value of the assets and liabilities acquired at August 15, 2007 combining in trust and out-of-trust operations is as follows:

Cash and cash equivalents	32,906
Future income taxes	7,413
Current assets	201,597
Property and equipment	39,263
Other investments in equity investments	46,506
Non-current assets	128,708
Goodwill	599,908
Intangible assets	868,900
Current liabilities	(186,121)
Long term debt	(303,906)
Future income taxes	(92,409)
Non-current liabilities	(159,846)
	1,182,919
Funding provided by:	
Cash	262,300
Puttable interest in subsidiary	480,787
Debt, net of debt issuance costs	766,668
Less financing raised in excess of purchase price [1]	(326,836)
	1,182,919

[1] The investors provided funding in excess of the purchase price to repay the assumed long term debt and to fund costs related to acquisition and restructuring.

The Company finalized a plan to provide termination benefits to certain employees of the acquired business and accrued an additional $1.0 million for a total accrual $18.6 million relating to these termination benefits with a corresponding increase to goodwill. The Company made payments of $15.4 million in the year ending August 31, 2008 and $2.3 million in the period ended August 31, 2007 which have been applied against the termination benefit accrual. Included in accounts payable and accrued liabilities at August 31, 2008 is $0.9 million relating to these termination benefits.

The Company finalized the purchase price equation allocation with respect to the CRTC benefit obligation following the receipt of the approval of the transaction by the CRTC in January 2008. At that time the amount of the obligation was finalized. Non-current liabilities were increased by $47.6 million and current liabilities were decreased by $2.8 million, resulting in a $44.8 million increase to goodwill.

Following the receipt of CRTC approval in January 2008, the Company began the assessment of the valuation of acquired broadcast rights. As a result of finalizing the purchase price equation allocation for broadcast rights, current assets and non-current assets were reduced by $16.5 million and $23.0 million, respectively, with a corresponding increase to goodwill. In addition, current liabilities were increased by $12.8 million to reflect unfavourable commitments to purchase broadcast rights with a corresponding increase to goodwill.

As the result of the above adjustments to the purchase equation and a historical reassessment, current income taxes payable were decreased by $2.0 million and future income taxes payable were decreased by $15.1 million, resulting in a $17.1 million decrease to goodwill. The Company also adjusted the purchase equation allocation by $5.9 million to reflect an income tax indemnity receivable with a corresponding decrease to goodwill.

Intangible assets are comprised of broadcast licences and brands of $837.9 million and $31.0 million, respectively. The Company has allocated $599.9 million to goodwill which is attributable to merger synergies and assembled workforce that will not be amortized but will be reviewed annually for impairment. The goodwill is not deductible for tax purposes. Goodwill of $121.0 million was allocated to the Canadian television segment, relating to the merger synergies and $478.9 million has been included in the CW Media television segment.

(b) On July 10, 2007, Canwest Limited Partnership (formerly CanWest MediaWorks Limited Partnership) ("Limited Partnership") redeemed its Class A partnership units, representing the 25.8% minority interest, for cash consideration of $495 million plus acquisition costs of $2 million. The acquisition was accounted for as a step purchase. The fair value of acquired assets exceeded the cost of the transaction and, accordingly, the excess was allocated on a pro-rata basis as a reduction in the amount of non-monetary assets acquired. As a result of the transaction, property and equipment was decreased by $6.7 million, circulation, subscribers and other customer relationships were increased by $48.7 million, newspaper mastheads were increased by $77.4 million, pension and post retirement liabilities were increased by $22.0 million and future tax liabilities were increased by $17.9 million.

(c) During fiscal 2007, the Company acquired the following three enterprises for aggregate cost of $44.5 million, which was paid primarily in cash:

- Ultimate Media Group, an out-of-home advertising company in Australia, for cash consideration of $8.9 million (A$10.4 million) and deferred consideration of $2.8 million (A$3.2 million).

- Foxmark Media Group, an out-of-home advertising company in the United States, for cash consideration of $24.7 million (US $20.9 million) and deferred consideration of $2.2 million (US $1.9 million) paid in December 2007.

- The New Republic, a subscription based magazine in the United States, for cash consideration of $5.9 million (US $5.0 million) for the 70% not previously acquired (note 4).

These acquisitions were accounted for using the purchase method. As such, the results of operations reflect revenue and expenses of the acquired operations since the dates of acquisition. Aggregate goodwill recognized in these transactions amounted to $33.4 million, of which nil is expected to be deductible for tax purposes. Site licences recognized in these transactions amounted to $17.3 million and mastheads recognized in one of the transactions amounted to $2.2 million. Goodwill of $23.9 million and $9.5 million was assigned to the Out-of-home and Publishing segments, respectively.

Divestitures

(d) In July 2008, the Company completed the sale of its United Kingdom radio segment (note 18). The Company recorded a disposition of broadcast licences, other assets, and liabilities of $2.0 million, $4.9 million, and $16.5 million, respectively.

(e) On June 14, 2007, the Company completed the sale of its New Zealand television and radio segments (note 18). The Company recorded disposition of goodwill, broadcast licences, other assets, and long term debt and other liabilities related to the New Zealand television and radio segments of $136.5 million, $13.9 million, $88.1 million $136.7 million and $53.0 million, respectively.

4. OTHER INVESTMENTS

	2008	2007
Equity accounted investments:		
Investment in regulated entities[1]	-	1,484,505
Other investments[2]	5,621	3,450
Other investments in equity instruments		
Investment in publicly traded companies[3]	17,381	50,097
Investment in private companies	5,306	4,045
	28,308	1,542,097

[1] 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.

The following sets out condensed financial information for the regulated entities held in trust for the period from September 1, 2007 to December 20, 2007.

Summary condensed statements of earnings

	September 1 to December 20, 2007
Revenue	108,767
Operating expenses	64,327
Operating income before amortization	44,440
Amortization	(2,083)
Interest expense, net	(20,007)
Foreign exchange gains	16,163
Recovery of income taxes	5,618
Interest in earnings of equity accounted affiliates	163
Minority interest	(4,904)
Net earnings of regulated entities	39,390

Summary condensed statements of cash flows

	September 1 to December 20, 2007
Cash flows - operating activities	28,890
Cash flows - investing activities	(1,521)
Cash flows - financing activities	-
Net change in cash	27,369
Cash – beginning of period	18,226
Cash – end of period	45,595

During the trust period from September 1, 2007 to December 20, 2007, the Company recorded interest income of $19.4 million and a foreign exchange loss of $15.6 million related to advances to the regulated assets held in trust. Net earnings of the regulated entities include interest expense of $19.4 million and a foreign exchange gain of $15.6 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 $3.5 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.

[(2)] In March 2007, Ten Holdings sold an investment in an equity accounted affiliate for proceeds of $24.0 million and recorded a gain of $7.5 million.

[(3)] In March 2007, the Company purchased 4,100,000 Class A Subordinate voting shares of Score Media Inc. for $7.2 million. In addition, as part of the acquisition of the Alliance Atlantis broadcast operations, the Company acquired 21,460,902 shares recorded at fair value of $42.9 million. The fair value of the 25,560,902 shares at August 31, 2008 was $17.4 million. The Company concluded that the accumulated loss was other than temporary based on the significant decrease in the trading value of the investment from the historical carrying value and during the year ended August 31, 2008 recorded an impairment loss of $32.7 million.

5. 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 February 2009, the Company expects to have a net reduction in its workforce of 200 jobs relating to these changes. The Company has accrued the costs associated with the first two phases of the initiative. In addition, the Company initiated a change in the work flow for its publishing operations which will result in the centralization of certain functions. The first two phases of the Canadian television initiative and the entire publishing initiative were completed during the current fiscal year. The total expected costs associated with these initiatives are $22 million. The combined restructuring expenses accrued to date for these initiatives that consist of employee severance accruals, are $20.7 million of which $10.7 million relates to the Publishing segment and $10.0 million relates to the Canadian television segment. During the year ended August 31, 2008, the Company made payments of $12.2 million, of which $8.3 million relates to the Publishing segment and $3.9 million relates to the Canadian television segment. Included in accrued liabilities at August 31, 2008 is $8.5 million relating to these restructuring expenses.

As part of its acquisition of its CW Media operations, the Company has a plan to provide termination benefits to certain employees of the acquired business with an expected cost of $18.6 million relating to these termination benefits. The Company made payments of $15.4 million in the year ending August 31, 2008 and $2.3 million in the period ended August 31, 2007 and the accrued liabilities at August 31, 2008 is $0.9 million relating to these termination benefits. These expenses and payments relate to the CW Media television segment.

6. PROPERTY AND EQUIPMENT

	2008		
	Cost	Accumulated Amortization	Net
Land	60,525	-	60,525
Buildings	212,869	60,176	152,693
Machinery and equipment	918,816	453,194	465,622
Leasehold and land improvements	56,838	21,811	35,027
	1,249,048	535,181	713,867

	2007 (Revised note 18)		
	Cost	Accumulated Amortization	Net
Land	60,392	-	60,392
Buildings	201,834	52,104	149,730
Machinery and equipment	862,821	422,887	439,934
Leasehold and land improvements	44,042	16,571	27,471
	1,169,089	491,562	677,527

The net book value of property and equipment located in Canada was $592.9 million (2007 - $563.5 million), in Australia $112.6 million (2007 - $105.5 million) and in other foreign jurisdictions was $8.4 million (2007 - $8.6 million).

During 2008 and 2007, the Company had no additions related to assets under capital leases.

The Company has assets under capital leases with original cost of $18.5 million (2007 – $18.5 million) and accumulated amortization of $2.8 million (2007 – $2.2 million).

7. GOODWILL

	2007	Additions	Divestitures	Other	2008
Publishing	1,699,337	2,612[1]	-	(4,544)[2]	1,697,405
Television – Canada	475,896	121,000[3]	-	(596,896)[3]	-
Television – CW Media	19,866	459,042[4]	-	-	478,908
Television – Australia	30,154	-	-	1,995[5]	32,149
Outdoor – Australia	99,152	-	-	5,325[5]	104,477
Radio - Turkey	12,330	-	-	1,292[5]	13,622
Total	2,336,735	582,654	-	(592,828)	2,326,561

	2006	Additions	Divestitures	Other	2007
Publishing	1,694,792	5,463[2]	-	(918)	1,699,337
Television – Canada	481,341		(5,445)[6]	-	475,896
Television – CW Media	-	19,866[4]	-	-	19,866
Television – Australia	28,987	-	-	1,167[5]	30,154
Outdoor – Australia	75,802	24,345[7]	(757)[8]	(238)[5]	99,152
Radio - Turkey	11,600	-	-	730[5]	12,330
Total	2,292,522	49,674	(6,202)	741	2,336,735

[1] Increase in goodwill is related a small publishing acquisition.

[2] Decrease in goodwill relates to a non cash impairment charge for The New Republic, a subscription based magazine in the United States. Using estimates of the fair value of future cash flows, the Company determined that the fair value of this reporting unit was less than its carrying value and as a result, recorded a goodwill impairment charge. Increase in the year ended August 31, 2007 related to goodwill, net of a goodwill impairment, related to the Company's acquisition of The New Republic (note 3).

[3] Decrease in goodwill relates to a non cash impairment charge of $596.9 million. For goodwill impairment testing, the Company allocated goodwill of $121.0 million, related to expected merger synergies resulting from the acquisition of CW Media to the Canadian television segment. Using estimates of the fair value of future cash flows, the Company determined the fair value of this reporting unit was less than its carrying value and as a result, recorded a goodwill impairment charge. The fair value of this reporting unit declined primarily as a result of the decrease in the future profit expectations as a result of the expectations related to Canadian conventional television advertising market growth. Because the fair value of the reporting unit exceeded its carrying value, including goodwill, the Company performed comprehensive review of the fair value of its assets and liabilities to determine the amount of the impairment loss.

[4] Increase in goodwill is related to the consolidation of the regulated assets of CW Media (note 3). The increase for the year ended August 31, 2007, related to acquisition of CW Media.

[5] Decrease/increase in goodwill related to fluctuations in foreign currency translation rates.

[6] Decrease in goodwill is related to the sale of the Company's Canadian radio stations (note 18).

[7] Increase in goodwill is related to Eye Corp's acquisitions of Ultimate Media Group and Foxmark Media Group (note 3).

[8] Decrease in goodwill is related to an Eye Corp disposal.

For determining the fair value of its reporting units, the Company uses both the income and market approaches. 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 the Company are based on an optimal debt 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. Under the market approach, the Company estimates fair value by multiplying maintainable earnings before interest, income taxes, depreciation, amortization and other non-recurring costs by multiples based on market comparables adjusted for a control premium. The estimation process results in a range of values for which management uses the simple average of the mid-points under each approach.

The Company's assumptions are affected by current market conditions which may affect expected revenues, particularly advertising revenues and, to a lesser extent, subscriber revenues. 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 the Company would be required to recognize further impairment losses. As at August 31, 2008, the Company's estimates of fair values of all operating segments, except for the Publishing, CW Media television and Turkey radio, exceeded their respective carrying values by at least 20%. Accordingly, the goodwill of the Publishing, CW Media television and Turkey radio segments is at greater risk of impairment should future valuations result in lower enterprise values.

8. INTANGIBLE ASSETS

	2008		
	Cost	Accumulated Amortization	Net
Finite life:			
Circulation, subscribers and other customer relationships	95,477	17,842	77,635
Site licences	44,683	10,053	34,630
	140,160	27,895	112,265
Indefinite life:			
Broadcast licences			1,195,599
Brands			31,000
Newspaper mastheads			418,561
			1,645,160
Total intangible assets			1,757,425

	2007		
	Cost	Accumulated Amortization	Net
Finite life:			
Circulation, subscribers and other customer relationships	95,477	11,410	84,067
Site licences	43,388	7,048	36,340
	138,865	18,458	120,407
Indefinite life:			
Broadcast licences			746,985
Newspaper mastheads			418,086
			1,165,071
Total intangible assets			1,285,478

Indefinite life intangible assets by operating segment include Publishing of $419 million (2007 - $419 million), Canadian Television $86 million (2007 - $494 million) CW Media television $869 million (2007 – nil) Australian television of $207 million (2007- $194 million) and Turkey radio of $64 million (2007 - $58 million).

During 2008, the Company finalized the CW Media purchase price allocation and as a result, recorded an increase in broadcast licences and brands of $837.9 million and $31.0 million, respectively (note 3). The Company also completed a small publishing acquisition and recorded a masthead on the acquisition of $0.5 million. In addition, Site licences of $1.2 million were recorded on the Eye Corp acquisitions.

In the fourth quarter, the Company recorded a non-cash impairment charge of $408.5 million to reflect impairment of the broadcast licences of the Canadian television segment. As part of its annual impairment analysis, the Company, using the Greenfield income approach, determined the fair value of the broadcast licence was lower than its carrying value, and as a result, an impairment charge was recorded in the statement of earnings (loss). The fair value of the broadcast licences declined primarily as a result of a decrease in the future profit expectations of Canadian conventional television as a result of the structural issues facing conventional television in Canada and the current economic environment.

During 2007, the Company completed the purchase of the 25.8% of CanWest MediaWorks Limited Partnership and as a result, recorded an increase in subscribers and customer relationships of $48.7 million and newspaper mastheads of $77.4 million. The Company also acquired the remaining portion of The New Republic, not previously owned, and recorded a masthead on the acquisition of $2.2 million. In addition, site licences of $17.3 million were recorded on the Eye Corp acquisitions.

As at August 31, 2008, the Company's estimates of fair values of indefinite life intangibles for all operating segments, except for Canadian television, certain Publishing mastheads and Turkey radio, exceeded their respective carrying values by at least 20%. The more significant intangibles in these operating segments include broadcast licences and mastheads.

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 revenues 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 August 31, 2008. The key assumptions under this valuation approach are future revenues, costs of a hypothetical start-up broadcast operation and discount rates.

The Company's assumptions are affected by current market conditions which may affect expected revenues, particularly advertising revenues and, to a lesser extent, subscriber revenues. 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 indefinite life intangibles and the Company would be required to recognize further impairment losses.

Amortization of intangible assets of $9.0 million was recorded in 2008 (2007 -$6.4 million).

9. LONG TERM DEBT

	Maturity (fiscal year)	Principal Outstanding August 31, 2008 ($millions)	As at August 31, 2008	As at August 31, 2007
Canwest Media Inc.:				
Senior secured revolving credit facility[1]	2011	-	-	-
Senior subordinated notes (net of debt issuance costs of $11 million)[2]	2012	US$761	828,755	829,800
Canwest Limited Partnership:				
Senior secured credit facilities- revolver[3]	2012	$96	96,000	85,000
Senior secured credit facilities- credit C (net of debt issuance costs of $3 million)[3]	2012	$265	262,028	265,000
Senior secured credit facilities-credit D (net of debt issuance costs of $5 million)[3]	2014	US$460	483,999	491,170
Senior subordinated unsecured credit facility (net of debt issuance costs of $1 million)[4]	2015	$75	74,152	75,000
Senior subordinated unsecured notes (net of debt issuance costs of $9 million)[5]	2015	US$400	415,766	422,480
CW Media Holdings Inc.:				
Senior secured revolving credit facility[6]	2013	$8	8,000	-
Senior secured credit facility (net of debt issuance costs of $13 million)[6]	2015	US$443	457,688	471,518
Interim senior unsecured notes[7]	2008	-	-	315,429
Senior unsecured notes including accrued interest (net of debt issuance costs of $9 million)[8]	2015	US$319	329,630	-
Ten Network Holdings Limited:				
Bank loan[9]	2011	A$275	250,195	211,043
Senior unsecured notes[10]	2013	US$125	132,322	132,050
Senior unsecured notes[11]	2016	A$150	136,470	129,210
Other			-	4,250
			3,475,005	3,431,950
Effect of foreign currency swaps			-	170,757
Long term debt			3,475,005	3,602,707
Less portion due within one year			(13,063)	(12,760)
Long term portion			3,461,942	3,589,947

As described in note 2 on adoption of new account policies, the Company has included debt issuance costs in the initial carrying value of the related long term debt. Accordingly, as at September 1, 2007, long term debt was decreased by $57.4 million.

[1] As at August 31, 2008 and August 31, 2007, no amounts were drawn on the Canwest Media's $513 million Senior secured revolving credit facility. As at August 31, 2008, based on existing covenants, the Company had $161 million, net of letters of credit of $39 million available on this facility. The revolving facility matures October 2010, is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. This facility is secured by substantially all of the Company's directly held assets including the assets of its Canadian television operations, the National Post, partnership units of Canwest Limited Partnership, and the shares of Ten Holdings and CW Media. In November 2008, the terms of the credit facility were amended to among other things to reduce the total availability to $300 million and amend the financial covenant ratios (see note 23).

[2] Consists of $808 million (August 31, 2007 - $804 million) Senior subordinated notes which are due in 2012 and bear interest at 8.0%. As at August 31, 2008, giving effect to hedging instruments, the swap adjusted effective interest rate was 7.4% (2007 – 8.7%). The notes rank junior to the Company's Senior secured revolving credit facility and are guaranteed by certain subsidiaries of the Company. The notes are redeemable at par at the Company's option on or after September 15, 2011. The carrying value of this debt includes a premium of $21 million and a basis adjustment to reflect changes in the fair value of the hedged risks of $15 million. The Company has entered into a US$761 million foreign currency and interest rate swap until September 2012 resulting in a fixed currency exchange rate of US$1:$1.1932 and a floating interest rate base on banker's acceptance plus a margin. In June 2008 the Company amended the swap resulting in a floating interest rate based on banker's acceptance rates plus a margin on a notional amount of US$601 million and a fixed interest rate of 7.9% on a notional amount of US$160 million. The portion of the swap related to the notional amount of US$601 million is designated as a fair value hedge and its fair value of $86 million is recorded on the consolidated balance sheet in Hedging derivative instruments. The portion of the swap related to the notional amount of US$160M is designated as a cash flow hedge and its fair value of $26 million (current portion of $2 million) is recorded on the consolidated balance sheet in Hedging derivative instruments.

[3] The Limited Partnership has a Senior secured credit facility, which is secured by substantially all of the assets of the Limited Partnership. The facility includes:

(a) a $250 million revolving term loan. As at August 31, 2008, the Limited Partnership had drawn $96 million (August 31, 2007 - $85 million) on its revolver and had available $152 million, net of letters of credit of $2 million. This facility matures in July 2012 and is subject to certain restrictions. This facility bears interest at prime plus a margin or banker's acceptance rates plus a margin. This facility had an interest rate of 6.6% as at August 31, 2008 (2007 – 7.0%).

(b) a $265 million (August 31, 2007 - $265 million) non-revolving term loan which is subject to minimum principal payment reductions of a minimum of 5% beginning in fourth quarter 2009 and 10% in each of years beginning in fourth quarter 2010. This facility which matures in July 2012 is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. This facility had an interest rate of 6.2% as at August 31, 2008 (2007 – 6.4%)

(c) a $489 million (US$460 million) (August 31, 2007 - $491 million (US$466 million)) term loan which is subject to principal repayments of $5 million (US$4.8 million) per year. This facility matures on July 13, 2014 and is subject to certain restrictions and bears interest at floating interest rates based on LIBOR rates plus a margin. The Limited Partnership has entered into a foreign currency and interest rate swap to fix the interest and principal payment on a notional amount of US$466 million which reduces with principal payments on the debt, at a fixed currency exchange of US$1:$1.0725 until July 2014, resulting in an swap adjusted effective interest rate of 7.5% (2007 -7.5%). This swap was designated a cash flow hedge and its fair value of $46 million (current portion of $12 million) is recorded on the consolidated balance sheet in Hedging derivative instruments.

[4] The Limited Partnership has a $75 million Senior subordinated unsecured credit facility. This unsecured facility ranks junior to the Limited Partnership's Senior credit facility and is guaranteed by certain subsidiaries of the Limited Partnership. This facility which matures in July 2015 is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. This facility had an effective interest rate of 11.1% as at August 31, 2008 (2007 – 8.9%).

[5] The Limited Partnership has Senior subordinated notes of $425 million (US$400 million) (August 31, 2007 – $423 million (US$400 million)) which are due in August 2015 and bear interest at 9.3%. These notes rank junior to the Limited Partnership's Senior credit facility and are guaranteed by certain subsidiaries of the Limited Partnership. The Senior subordinated notes have a variable prepayment option at a premium. The prepayment option represents an embedded derivative that is to be accounted for separately at fair value. As at August 31, 2008, the estimated fair value of the prepayment option is nominal. The Limited Partnership has entered into a US$400 million swap resulting in a fixed currency exchange rate of US$1:$1.0725 until July 2015 and a fixed interest rate of 9.1%. The swap adjusted effective interest rate is 9.1% (2007 -9.1%). This swap was designated a cash flow hedge and its fair value of $9 million (current portion - nil) is recorded on the consolidated balance sheet in Hedging derivative instruments.

[6] CW Media has a Senior secured credit facility that is secured by substantially all of 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 subsidiaries. The senior secured credit facility consists of the following:

(a) a $50 million revolving term loan. As at August 31, 2008, $8 million was drawn under the revolving term loan. This facility matures in August 2013 and is subject to certain restrictions and bears interest at banker's acceptance rates plus a margin. Principal amounts outstanding under the revolving term loan are due and payable in full at maturity. This facility had an interest rate of 7.0% as at August 31, 2008.
(b) a $471 million (US$443) (August 31, 2007 – $475 million (US$446 million)) term loan which is subject to principal repayments of $4.8 million (US$4.4 million) per year with the balance payable on maturity. The term loan may be repaid at any time without penalty, subject to certain conditions. The term loan bears interest at LIBOR plus a margin. CW Media may be required to prepay a portion of the term loan facility based on excess cash flows as defined by the credit agreement. This facility matures in February 2015 and is subject to certain restrictions. CW Media has entered into a foreign currency interest rate swap, which expires in February 2015, to fix the interest rate and principal payments on an initial notional amount of US$446 million, reduced accordingly as the principal portion of the debt is repaid, resulting in an swap adjusted interest rate of 8.7% and a fixed currency exchange of US$1:1.064 Canadian dollars until February 2015. The swap was designated as a cash flow hedge and its fair value of $40 million (current portion of $11 million) is recorded on the consolidated balance sheet in Hedging derivative instruments.

[7] In July 2008, Senior unsecured loans and accrued interest with a carrying value of $336 million (US$330) including $32 million (US$31) of accrued interest was retired using the proceeds of CW Media's senior unsecured notes and cash on hand.

[8] In July 2008, CW Media issued US$312 million Senior unsecured notes maturing on August 15, 2015. The Senior notes bear interest at 13.5% per annum, compounded semi-annually. Interest is accrued from the date of issue to August 15, 2011 (the "Cash Interest Date"), however is not payable until maturity, unless CW Media elects to pay interest in cash with respect to any interest period before the Cash Interest Date. After August 15, 2011, interest will accrue and be paid in cash. During the year ended August 31, 2008, the senior unsecured notes increased by $7.1 million (US$6.7 million) which represents accrued non-cash interest. These notes are guaranteed by CW Media and its wholly owned subsidiaries. The Senior unsecured notes have a variable prepayment option at a premium. The prepayment option represents an embedded derivative that is to be accounted for separately at fair value. As at August 31, 2008, the estimated fair value of the prepayment option is nominal.

[9] Ten Holdings has an unsecured credit facility that provides for a maximum of $573 million (A$630 million) (August 31, 2007 - $603 million (A$630 million) in advances. At August 31, 2008, Ten Holdings had drawn $250 million (August 31, 2007 - $211 million) against this facility leaving availability of $323 million (A$355 million). This facility, which was renewed during the year, matures in April 2011 and bears interest at floating rates plus a margin. This facility had an interest rate of 8.4% as at August 31, 2008 (2007 – 7.2%).

[10] Ten Holdings has $132 million (US$125 million) (August 31, 2007 - $132 million (US$125 million)) of senior unsecured notes which mature in March 2013. Ten Holdings has entered into a US$125 million foreign currency interest rate swap resulting in floating rates and a fixed currency exchange rate of US$1:A$1.6807 until March 2013. This swap is designated as a fair value hedge and its fair value of $63 million (current portion of $7 million) is recorded on the consolidated balance sheet in Hedging derivative instruments. This facility had a swap adjusted effective interest rate of 9.2% as at August 31, 2008 (2007 – 7.7%).

[11] Ten Holdings has $136 million (August 31, 2007 - $129 million) of senior unsecured notes which bear interest at floating rates plus a margin and mature in December 2015. This facility had an swap adjusted effective interest rate of 8.5% as at August 31, 2008 (2007 – 7.1%)

Under the Canwest Media Inc. senior secured credit facility the Company is required to maintain a fair value of the Canwest Media Inc. interest rate swaps and foreign currency and interest rate swap liabilities below a prescribed threshold of $500 million. In November 2008, this threshold was revised to $400 million. There are also prescribed thresholds for individual counterparties, which have two-way recouponing provisions. During year ended August 31, 2008, the Company made net recouponing payments of $5 million and $14 million on its hedging derivative instruments and derivative instruments, respectively. (2007 – nil). In addition, under the Limited Partnership senior credit facilities, the Limited Partnership is required to maintain a fair value of its foreign currency and interest rate swap liabilities below a prescribed threshold of $250 million.

The Company is subject to covenants under certain of the credit facilities referred to above, including thresholds for leverage and interest coverage, and is also subject to certain restrictions under negative covenants.

Principal payments of long term debt, based on terms existing at August 31, 2008 over the next five years, are:

Year ending August 31,	2009	13,063
	2010	26,313
	2011	286,445
	2012	324,373
	2013	1,116,926

10. OBLIGATIONS UNDER CAPITAL LEASES

The Company has entered into capital leases with future minimum lease payments for the years ended August 31 as follows:

2009	4,450
2010	3,900
2011	3,969
2012	-
2013	-
Thereafter	1,560
Total minimum lease payments	13,879
Amount representing interest (at rates of 5.9% to 8.5%)	(2,963)
Present value of minimum capital lease payments	10,916
Less current portion of obligations under capital leases	(3,675)
	7,241

For the year ended August 31, 2008 the Company recorded interest expense on the obligations under capital leases of $1.1 million (2007 – $1.3 million).

11. PUTTABLE INTEREST IN A SUBSIDIARY

The Company and Goldman Sachs have agreed to certain put rights and call rights with respect to Goldman Sachs' interest in the common shares of CW Investments, which are exercisable in 2011, 2012 and 2013 subject to certain restrictions. Under this agreement, the value of the Goldman Sachs interest under the put and call provisions is determined by a formula which varies based upon the adjusted combined segment operating profit ("Combined Segment Operating Profit") of the Company's Canadian television segment plus the CW Media specialty television operations. In 2011, subject to any necessary regulatory approvals, the Company shall effect the combination of CW Media and its Canadian Television segment. The relative ownership interests in the combined company will be calculated based upon an enterprise value which is determined based on a multiple of twelve times the Combined Segment Operating Profit for the twelve months ended March 31, 2011 less the consolidated net indebtedness of CW Investments at that time. The Goldman Sachs share is determined based upon a rate of return which varies based on the combined segment operating profit.

In each of 2011, 2012 and 2013 the Company will have the right to cause CW Investments to purchase (or it may purchase itself) up to 100% of Goldman Sachs' interest in CW Investments, subject to CW Investments remaining below a maximum consolidated leverage ratio if less than 100% of the Goldman Sachs interest is acquired (the "call right"). In the event that the Company or CW Investments does not exercise its call right with respect to at least 50% of Goldman Sachs' interest in 2011, Goldman Sachs has the right to require CW Investments to acquire interests, which, together with any interests purchased pursuant to the Company's call in 2011, would equal up to 50% of Goldman Sachs' interest, subject to CW Investments remaining below a maximum consolidated leverage ratio. Goldman Sachs also has the right to require CW Investments to purchase any remaining interests that it holds in 2013. In the event that the Company or CW Investments has not acquired 100% of the Goldman Sachs' interest by the expiry date of the last put right in 2013, then Goldman Sachs will be entitled to sell CW Investments, subject to a right of first offer in favour of the Company, failing which Goldman Sachs will have the right to require CW Investments to effect an initial public offering of CW Investments to effect its exit.

For purposes of determining the value of the put and call rights, regardless of actual results, the Company and Goldman Sachs have agreed to certain minimum amounts of Combined Segment Operating Profits of $230 million, $250 million and $280 million in each of 2011, 2012 and 2013, respectively. This minimum will not apply for purposes of determining the value applicable on exercise of Goldman Sachs' put rights, except that if the put is exercised in 2011, the value will be based upon an agreed total enterprise value of no less than $2.5 billion less the consolidated net indebtedness of CW Investments as at March 31, 2011.

The Goldman Sachs puttable interest in CW Investments is classified as a financial liability. It was initially recorded based on the amount invested by Goldman Sachs on August 15, 2007. The puttable interest in CW Investments is carried at amortized cost using the effective interest method. Under this method the carrying amount of the liability is measured by computing the present value of the estimated future cash flows at the original effective rate of 19.4% which was determined based on the initial estimated amounts to settle the liability in 2011 and 2013. The liability 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 August 31, 2008, the puttable interest liability was re-measured, based on management's current expectations of the amounts required to settle the put options which represent a decrease compared to the prior year's estimates. The present value of the effect of the decrease of $32.8 million has been recorded as a reduction of the liability as at August 31, 2008 and a reduction of the accretion expense for the year then ended.

August 15, 2007	479,965
Accretion expense	3,603
Amortized cost - August 31, 2007	483,568
Accretion expense	94,589
Accretions expense adjustment due to change in cash flows	(32,763)
Amortized cost - August 31, 2008	545,394

The future estimated cash flows are calculated based the formula described above and will vary based on changes in expected and actual Combined Segment Operating Profit of the CW Media and Canadian Television segments and based on changes in actual and expected CW Investments consolidated debt. While management has computed the carrying amount using estimates of the Combined Segment Operating Profit and debt including expected future advertising and subscriber revenue, expected future operating expenses, expected components of cash flows which will affect CW Investments debt that are reasonable and supportable, it is reasonably possible that the carrying value may increase or decreased by a material amount based on changes in future estimates of or actual Combined Segment Operating profit and CW Investments net debt.

12. CAPITAL STOCK

Authorized

Authorized capital consists of an unlimited number of preference shares issuable in series, multiple voting shares, subordinate voting shares and non-voting shares.

The multiple voting shares, the subordinate voting shares and the non-voting shares rank equally on a per share basis in respect of dividends and distributions of capital, and are subordinate to the preference shares. Subordinate voting shares carry one vote per share, and multiple voting shares carry ten votes per share. Non-voting shares do not vote, except at meetings where the holders of such shares would be entitled, by law, to vote separately as a class.

Multiple voting shares are convertible into subordinate voting shares and non-voting shares on a one-for-one basis at any time at the option of the holder. Subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. Non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided the holder is Canadian.

Series 1 preference shares carry 19 votes per share with certain limitations. Under certain conditions, the series 1 preference shares carry preferential voting rights pertaining to the election of up to two directors of the Company. Each series 1 preference share is convertible, at the option of the holder, into 0.15 subordinate voting or non-voting shares.

Series 2 preference shares are not eligible to vote, and at the option of the Company, are redeemable for cash, or convertible to subordinate voting or non-voting shares based on the market value of the subordinate voting or non-voting shares at the date of conversion.

The series 1 and 2 preference shares are not entitled to dividends and distributions in the normal course or in respect of a liquidation or wind-up and have no right to vote separately as a class.

At August 31, 2008 and 2007, there were no series 1 or series 2 preference shares outstanding.

	2008	2007
Issued		
76,785,976 (2007 – 76,785,976) multiple voting shares	3,199	3,199
99,619,256 (2007 – 99,327,878) subordinate voting shares	834,465	830,827
1,241,307 (2007 – 1,532,685) non-voting shares	14,711	18,349
	852,375	852,375

Changes in outstanding share capital during the two years ended August 31, 2008 were as follows:

	Number of shares	$
Multiple voting share capital:		
Balance – August 31, 2007 and 2008	76,785,976	3,199
Subordinate voting share capital:		
Balance – August 31, 2006	99,133,417	828,548
Changes pursuant to:		
Exercise of stock options	21,600	163
Redeemed fractions	(1)	-
Conversion from non-voting shares – net	172,862	2,116
Balance – August 31, 2007	99,327,878	830,827
Changes pursuant to:		
Conversion from non-voting shares – net	291,378	3,638
Balance – August 31, 2008	99,619,256	834,465
Non-voting share capital:		
Balance – August 31, 2006	1,511,881	18,472
Changes pursuant to:		
Exercise of stock options	7,000	51
Issuance of shares	186,667	1,942
Redeemed fractions	(1)	-
Conversion to subordinate voting shares – net	(172,862)	(2,116)
Balance – August 31, 2007	1,532,685	18,349
Changes pursuant to:		
Conversion to subordinate voting shares – net	(291,378)	(3,638)
Balance – August 31, 2008	1,241,307	14,711

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. At any time the number of shares reserved for issuance to any individual under the share compensation plans, may not exceed 5% of the outstanding share capital of all classes and the total number of shares issued or issuable under the plans may not exceed 10% of outstanding share capital of all classes.

In November 2007, the Board of Directors ("Board") of the Company approved a new Stock Option Plan (the "Option Plan") and Restricted Share Unit Plan (the "RSU Plan") for its eligible non-broadcast employees. These plans replace the Amended and Restated Share Compensation Plan (the "Discontinued Share Compensation Plan"). The options issued under the Discontinued Share Compensation Plan have not been modified and remain outstanding.

Stock Option Plan

The Option Plan provides for grants of options to employees of the Company and its affiliates and the issuance of Subordinate Voting Shares and Non-Voting Shares (together being "Shares") upon the exercise of options or vesting of restricted share units.

The Board has the authority to determine the manner in which the options granted pursuant to the Plan shall vest and other vesting terms applicable to the grant of options. Options may vest over a period of time ("Regular Options") and/or may vest conditional upon the attainment of specified market thresholds ("Market Threshold Options") as determined by the Board. The Company utilizes the fair value approach to account for stock based compensation.
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 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 based Options granted was estimated using a binomial option pricing model with the assumptions of no dividend yield, an expected volatility of 28%, risk free interest rates of 4.2% and an expected life of six years. The total fair value of the Regular Options issued was $1.4 million, an average of $2.61 per option. The total fair value of the Market Threshold Options was $0.9 million, an average of $2.44 per option.

The Company has recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2008 of $0.5 million related to the 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 6, 2007, the Company granted 305,200 restricted share units under the RSU Plan. The fair value at the time of issuance was $7.50 per RSU. During the period ending August 31, 2008, 13,600 RSU's were forfeited leaving 291,600 outstanding with a remaining life of 2.2 years.

The Company has recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2008 of $0.5 million related to the restricted share units.

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.

The Company records the issuance of DSUs as compensation expense when issued with a corresponding credit to accrued liabilities. The liability is adjusted to its intrinsic value at each balance sheet date with a charge or credit to compensation expense.

Compensation expense related to the DSU plan was a recovery of $0.3 million for the year ended August 31, 2008 (2007 – expense of $0.2 million).

Changes in outstanding DSUs for the two years ended August 31, 2008 are as follows:

	Number of DSUs	Average Transaction value ($ per DSU)	Value at year-end ($ 000's)
August 31, 2006	132,963	8.53	1,134
Changes pursuant to:			
DSUs redeemed	(34,688)	10.87	
DSUs granted	71,173	9.95	
August 31, 2007	169,448	7.89	1,337
Changes pursuant to:			
DSUs redeemed	-		
DSUs granted	176,423	5.90	
August 31, 2008	345,871	3.03	1,048

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 fair value of the options granted during the year ended August 31, 2008 was estimated using a binomial option pricing model with the assumptions of no dividend yield (2007– nil), an expected volatility of 28% (2007- 27%), risk free interest rates of 4.3% (2007- 4.0%) and an expected life of seven years (2007 – seven years). The total fair value of 629,000 options granted by the Company in the year ended August 31, 2008 with an average exercise price of $7.50 per option was $1.8 million, a weighted average fair value per option of $2.94. During the year ended August 31, 2007, 675,250 options with an average exercise price of $10.18 per option were granted with a total fair value of $2.6 million, and a weighted average fair value per option of $3.88. The options granted vest over five years. No additional options will be issued under the Discontinued Share Compensation Plan.

The Company has recorded compensation expense and a credit to contributed surplus for the year ended August 31, 2008 of $2.4 million (2007 - $2.7 million) related to the discontinued share compensation plan.

For the year ended August 31, 2008, the Company has recorded total compensation expense of $3.1 million (2007 - $2.9 million), a credit to contributed surplus of $3.4 million (2007 - $2.7 million) and a credit to accrued liabilities of $0.3 million (2007 - $0.2 million) related to all its share based compensation plans.

Changes in outstanding options to purchase subordinate voting shares or non-voting shares for the two years ended August 31 were as follows:

	2008		2007	
	Options	Average Exercise Price $	Options	Average Exercise Price $
Options outstanding, beginning of year	3,242,244	11.85	2,992,404	12.56
Changes pursuant to:				
Options granted	1,511,200	7.50	675,250	10.18
Options exercised	-	-	(28,600)	7.46
Options expired	(318,590)	16.32	(224,251)	17.34
Options forfeited	(139,650)	8.88	(172,559)	11.19
Options outstanding, end of year	4,295,204	10.09	3,242,244	11.85
Options exercisable as at August 31	1,601,204	11.98	1,366,154	13.48

The following options to purchase subordinate voting shares or non-voting shares were outstanding and exercisable as at August 31, 2008:

Range of exercise prices $	Number outstanding	Weighted average remaining life years	Weighted average exercise price $	Number exercisable	Weighted average exercise price $
5 – 10	1,616,900	7.1	7.47	181,700	7.21
10 – 15	2,378,252	6.8	11.05	1,119,452	11.51
15 – 20	274,542	1.9	16.17	274,542	16.17
20 – 25	25,510	0.4	21.14	25,510	21.14
	4,295,204	6.6	10.09	1,601,204	11.98

The Limited Partnership had a performance unit plan for certain officers and employees. As part of the acquisition (note 3) the performance unit plan was discontinued and all units immediately vested under the plan. Compensation expense related to this plan was $1.5 million for the year ended August 31, 2007. The expense related to discontinuance of the performance unit plan was $6.6 million for the year ended August 31, 2007. Prior to the discontinuance of the plan, the terms of the plan were changed to allow the Limited Partnership to settle the performance unit plan in cash and as a result, the Limited Partnership reclassified $1.7 million from contributed surplus to a liability. The Limited Partnership made cash payments of $9.7 million to settle the plan.

13. OTHER LONG TERM INCENTIVE PLANS

In November 2007, the Board of the Company approved new long term incentive plans for eligible Canadian television and CW Media employees the Broadcast SAR Plan and the Broadcast RSU Plan. These plans replace the Discontinued Share Compensation Plan for Canadian broadcast employees.

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, have been 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.

Certain employees also received SARs which vest only if the "Combined EBITDA", as defined by the plan, of the Canadian television and CW Media television segments reaches a prescribed threshold by 2011. ("Special Performance SARs"). The Special Performance SARs vest 50% on March 11, 2011 and 50% on March 31, 2012.

The Company issued 76,000 regular SARs and 17,600 Performance Threshold SARs. At the time of issuance, the notional share value was $10.00. During the period ending August 31, 2008, 7,100 Broadcast SARs were forfeited leaving 86,500 outstanding with a remaining life of 3.2 years.

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. During the period ending August 31, 2008, 2,380 Special Performance SARs were forfeited leaving 563,092 outstanding with a remaining life of 3.1 years.

The vested SARs are settled through a cash payment which is calculated based on the increase in the notional share value at the end of the most recently completed quarter prior to the settlement date over the notional share value at the grant date.

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. The Company issued 46,000 Broadcast RSUs under the Broadcast Plan. The notional share value at the time of issuance was $10.00 per RSU. During the period ending August 31, 2008, 5,100 RSU were forfeited leaving 40,900 outstanding with a remaining life of 2.2 years.

The RSUs are accounted as a financial liability and are accrued and adjusted to intrinsic value over the vesting period. The value of the outstanding SARs is recorded as a financial liability with changes in the intrinsic value recorded in operating expenses. The Company has recorded a nominal expense and a financial liability related to these plans.

14. EARNINGS PER SHARE

Basic earnings per share are calculated using the daily weighted average number of shares outstanding.

Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the year had all potential common shares been issued at the beginning of the year, or when the underlying options were granted or issued, if later. The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of the options to acquire shares provided the shares are not anti-dilutive.

The following table provides a reconciliation of the numerators and 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.

	2008	2007
Net earnings (loss) from continuing operations	(1,025,703)	21,848
Gain (loss) on sale of discontinued operations	(6,970)	251,998
Earnings (loss) from discontinued operations	(7,407)	5,481
Net earnings (loss) available to common shareholders	(1,040,080)	279,327
Basic weighted average shares outstanding during the year	177,646,539	177,444,280
Dilutive effect of options and shares	-	82,161
Diluted weighted average shares outstanding during the year	177,646,539	177,526,441
Options outstanding that would have been anti-dilutive	4,586,806	1,642,985

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Foreign currency translation adjustment	Available for sale investments	Hedging derivative instruments designated as cash flow hedges	Total
Balance, August 31, 2006	(17,456)	-	-	(17,456)
Other comprehensive income	11,671	-	-	11,671
Balance August 31, 2007	(5,785)	-	-	(5,785)
Cumulative impact on implementing new accounting standards (net of tax of $9,869)	-	(1,787)	(21,026)	(22,813)
Other comprehensive income (loss)	2,753	1,787	(40,833)	(36,293)
Balance, August 31, 2008	(3,032)	-	(61,859)	(64,891)

The unrealized loss on foreign currency interest rate swap that will be reclassified to interest expense over the next twelve months is estimated to be $22.2 million, net of tax of $8.9 million.

16. 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 year ended August 31, 2008	August 31, 2007 (Revised note 18)
Income taxes at combined Canadian statutory rate of 32.53% (2007 – 34.14%)	(340,118)	76,569
Non-taxable portion of capital (gains) losses	5,358	(4,619)
Increase in valuation allowance on future tax assets	9,645	1,348
Effect of foreign income tax rates differing from Canadian income tax rates	(7,306)	(9,840)
Change in expected future tax rates	5,923	1,891
Non-deductible accretion expense	20,100	1,224
Non-deductible expenses	7,674	7,323
Partnership net earnings allocated to minority interests	(1,681)	(16,665)
Effect of uncertain tax positions	(369)	31,636
Effect of partnership earnings from equity accounted affiliates	1,332	-
Effect of broadcast licence and goodwill impairments	272,077	-
Taxable dividends from subsidiary	-	5,704
Other	5,916	(558)
Provision for (recovery of) income taxes	(21,449)	94,013

An analysis of net earnings (loss) from continuing operations before tax by jurisdiction follows:

	2008	2007 (Revised note 18)
Canada	(1,153,097)	56,546
Foreign	107,545	167,734
Net earnings (loss) before tax	(1,045,552)	224,280

An analysis of the provision for current and future income taxes by jurisdiction follows:

	2008	2007 (Revised note 18)
Current income taxes		
Canada	2,462	18,433
Foreign	38,347	58,966
	40,809	77,399
Future income taxes		
Canada	(58,744)	27,944
Foreign	(3,514)	(11,330)
	(62,258)	16,614
Provision for (recovery of) income taxes	(21,449)	94,013

Significant components of the Company's future tax assets and liabilities are as follows:

	2008	2007
Future tax assets		
Non-capital loss carryforwards	310,453	275,450
Provision for write down of investments	5,239	816
Accounts payable, other accruals and interest rate and foreign currency swap liability	143,353	95,033
Pension and post retirement benefits	22,012	24,811
Intangible assets	4,307	
Other liabilities	-	9,353
Less: Valuation allowance	(176,726)	(131,312)
Total future tax assets	308,638	274,151
Future tax liabilities		
Capital cost allowances in excess of book amortization	44,413	52,997
Pension assets - net	4,735	6,361
Broadcast rights	42,101	38,849
Intangible assets	-	119,218
Other assets	5,625	-
Total future tax liabilities	96,874	217,425
Net future tax asset	(211,764)	(56,726)
Current portion of future tax asset	52,712	16,824
Long term future tax asset	369,791	187,933
Current portion of future tax liability	(39,475)	(38,153)
Long term future tax liability	(171,264)	(109,878)
	(211,764)	(56,726)

As at August 31, 2008, the Company had non-capital loss carry forwards for income tax purposes of $1,183.8 million, that expire as follows: 2009 - $44.9 million, 2010 - $51.5 million, 2011 - $15.5 million, 2012 - $6.4 million, 2013 - $19.0 million, thereafter - $1,046.5 million.

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 year, the minority shareholders in Ten Group Pty Limited exchanged their shares into common shares of Ten Holdings. Under Australian tax legislation, this created a new tax consolidation group that required Ten Holdings, for income tax purposes, to fair value its consolidated assets and liabilities. This resulted in Ten Holdings recording a future tax asset of $171.1 million. The Company will not recognize the benefit associated with this future tax asset in earnings until it is realized and accordingly, has recorded a deferred gain of $171.1 million.

17. INVESTMENT GAINS, LOSSES AND WRITE-DOWNS

The Company has recorded the following investment gains, losses and writedowns.

	2008	2007
Impairment loss on available for sale investments (note 15)	(32,716)	-
Gain (loss) on sale of investment	(137)	7,480
Gain on sale of joint venture	-	1,318
Other	1,201	(350)
	(31,652)	8,448

18. DISCONTINUED OPERATIONS

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, 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 $7 million for the year ended August 31, 2008 (2007 - $5 million). Cash flows from operating activities of continuing operations increased by $6 million for the year ended August 31, 2008 (2007 - $8 million).

During the third quarter of fiscal 2007, the Company reached agreement to sell its 70% interest in CanWest MediaWorks (NZ) Limited as the Company concluded that it was no longer a core operating asset. As a result, the results of these operations were classified as a discontinued operation in the consolidated statements of earnings, 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 classification as a discontinued operation, the results of CanWest MediaWorks (NZ) Limited were reported within the New Zealand television and radio segments. The sale was completed in June 2007 for aggregate proceeds of $310 million, including a special dividend, and a gain on sale of $246 million was recorded in the fourth quarter. The classification of CanWest MediaWorks (NZ) Limited as a discontinued operation decreased earnings from continuing operations by $12 million for the year ended August 31, 2007. Cash flows from operating activities of continuing operations decreased by $38 million for the year ended August 31, 2007.

During September 2006, the Company announced that it had reached an agreement to sell its Canadian radio stations for $15 million as they were not core operating assets. The transaction closed in August 2007 and the Company recorded gain of $5 million, after an allocation of goodwill of $5 million. As a result, the results of these operations were classified as a discontinued operation in the consolidated statements of earnings, 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 Canadian radio stations were reported within the Canadian television segment. The classification of the Canadian radio stations as a discontinued operation increased earnings from continuing operations by $1 million for the year ended August 31, 2007. Cash flows from operating activities of continuing operations decreased by less than $1 million for the year ended August 31, 2007.

The earnings from discontinued operations excluding the gain (loss) on sale of discontinued operations are summarized as follows:

	For the year ended	
	August 31, 2008	August 31, 2007
Revenue	1,537	160,847
Earnings (loss) from discontinued operations before tax	(7,407)	18,745
Income tax expense	-	8,272
Minority interest	-	4,992
Earnings (loss) from discontinued operations	(7,407)	5,481
Earnings (loss) from discontinued operations per share (in dollars):		
Basic	($0.04)	$0.03
Diluted	($0.04)	$0.03

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

	As at August 31, 2008	As at August 31, 2007
Current assets	-	3,100
Goodwill	-	-
Non-current assets	-	5,890
Current liabilities	-	(897)
Long term debt	-	-
Other Long term liabilities	-	(1,086)
Net assets	-	7,007

19. STATEMENTS OF CASH FLOWS

The following amounts comprise the net change in non-cash operating accounts included in the statements of cash flows excluding non-cash operating accounts related to discontinued operations:

	2008	2007
CASH GENERATED (UTILIZED) BY:		
Accounts receivable	18,365	(8,244)
Investment in broadcast rights	(47,771)	(17,058)
Inventory	(1,803)	4,455
Other current assets	7,293	(5,828)
Other assets	1,947	935
Accounts payable and accrued liabilities	(52,480)	(2,912)
Income taxes recoverable and payable	(40,973)	20,158
Deferred revenue	(2,245)	6,307
Broadcast rights payable	8,122	4,079
	(109,545)	1,892

The following amounts were paid on account of interest and income taxes:

	2008	2007
Interest	315,895	171,016
Income taxes	91,041	57,805

20. ASSET RETIREMENT OBLIGATIONS

The asset retirement obligations arise from legal obligations that exist for the removal of equipment or the restoration of sites upon termination of certain agreements. Asset retirement obligations are primarily associated with transmission facilities and related structures. Additional liabilities incurred in 2008 were $1.0 million (2007 – nil). No liabilities were settled during 2008 and 2007. The asset retirement obligations, which are calculated based on the discounted future cost of the estimated cash flows required to settle the obligations, of $11.3 million (2007 – $10.1 million) are recorded in other accrued liabilities. The undiscounted amount of the estimated cash flows is approximately $19.8 million (2007 – $16.5 million). Discount rates of 8.5% to 9.0% were used to calculate the present value of the asset retirement obligations over a period of 5 to 99 years. Accretion expense of $0.9 million (2007 - $1.2 million) was recorded in the statement of earnings.

21. PENSION AND POST RETIREMENT BENEFITS

The Company has a number of funded and unfunded defined benefit plans, as well as defined contribution plans, that provide pension and 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 on the Company's pension and post retirement benefit plans follows:

	Pension benefits [1]		Post retirement/employment benefits [2]	
	2008	2007	2008	2007
Plan Assets				
Fair value – beginning of year	407,039	346,748	-	-
Actual return on plan assets	(6,025)	42,961	-	-
Employer contributions	30,756	26,903	1,928	1,009
Employee contributions	7,230	7,143	-	-
Benefits paid and administrative expenses	(20,350)	(16,716)	(1,928)	(1,009)
Reclassification[3]	(7,301)	-	-	-
Fair value – end of year	411,349	407,039	-	-
Plan Obligations				
Accrued benefit obligation – beginning of year[4]	528,017	482,398	50,658	46,081
Amendment to plan	-	3,858	5,952	-
Accrued interest on benefits	29,890	28,274	3,548	2,717
Current service costs	26,048	26,382	2,716	1,678
Benefits paid	(20,350)	(16,716)	(1,928)	(1,009)
Actuarial losses (gains)[4]	(45,355)	3,821	(4,362)	1,191
Reclassification[3]	(7,301)	-	-	-
Accrued benefit obligation – end of year[4]	510,949	528,017	56,584	50,658
The Company's accrued benefit asset (liability) is determined as follows:				
Accrued benefit obligations	510,949	528,017	56,584	50,658
Fair value of plan assets	411,349	407,039	-	-
Plan deficits	(99,600)	(120,978)	(56,584)	(50,658)
Unamortized net actuarial losses (gains)[4]	67,897	80,432	(12,472)	(1,690)
Unamortized transitional obligations	4,053	4,486	1,814	2,117
Unamortized past service costs	13,485	14,904	5,931	566
Accrued plan liability	(14,165)	(21,156)	(61,311)	(49,665)
Valuation allowance	(333)	(435)	-	-
Accrued net plan liability, net of valuation allowance	(14,498)	(21,591)	(61,311)	(49,665)

The accrued pension plan asset of $17.1 million (2007 - $16.0 million) is included in long term other assets, the accrued pension plan liability of $31.6 million (2007 - $37.6 million) and the accrued post retirement plan liability is included in other long term liabilities in the consolidated balance sheet.

Plan assets consist of:	Actual	Target
Equity securities	61.7%	60.0%
Debt securities	34.7%	40.0%
Other	3.6%	0.0%
Total	100%	100%

The pension plans have no investment in equity or debt securities of Canwest entities.

The Company measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at June 30 of each year. Subsequent to the measurement date, as a result of market conditions, fair values of pension assets have declined significantly which may result in significant changes in the future expense in the near term. In addition, the Company may be required to increase its funding of its pension plans in the near term.

The most recent actuarial valuations of the Company's pension plans were between December 31, 2005 and December 31, 2007. The valuations indicated that the plans had deficiencies. As a result, the Company is currently required to make total annual special payments of $14.7 million. The next required valuation will be completed between December 31, 2008 and December 31, 2009. The investment strategy for pension plan assets is to utilize a balanced mix of equity and fixed income portfolios, with limited additional diversification, to earn a long term investment return that meets the Company's pension plan obligations. Active management strategies and style diversification strategies are utilized in anticipation of realizing investment returns in excess of market indices.

Total cash payments for 2008, consisting of cash contributed by the Company to its funded pension plans, cash payments to beneficiaries for its post-retirement plans, and cash contributed to its defined contribution plans, was $44.2 million (2007 - $38.2 million)

The Company's pension benefit expense is determined as follows:

	2008			2007		
	Incurred in year	Matching adjustments(5)	Recognized In year	Incurred in year	Matching adjustments(5)	Recognized In year
Current service cost	26,048	-	26,048	26,382	-	26,382
Employee contributions	(7,230)	-	(7,230)	(7,143)	-	(7,143)
Accrued interest on benefits	29,890	-	29,890	28,274	-	28,274
Return on plan assets	6,025	(35,051)	(29,026)	(42,961)	17,678	(25,283)
Transitional obligation	-	433	433	-	434	434
Past service costs	-	1,419	1,419	3,858	(2,488)	1,370
Net actuarial loss (gain)	(45,355)	47,586	2,231	3,821	2,342	6,163
Changes in valuation allowance	40	(142)	(102)	58	(83)	(25)
Benefit expense	9,418	14,245	23,663	12,289	17,883	30,172
Employer contribution to the defined contribution plan	11,549	-	11,549	10,322	-	10,322
Total pension benefit expense	20,967	14,245	35,212	22,611	17,883	40,494

The Company's post retirement benefit expense is determined as follows:

	2008			2007		
	Incurred in year	Matching adjustments(5)	Recognized In year	Incurred in year	Matching adjustments(5)	Recognized In year
Current service cost	2,716	-	2,716	1,678	-	1,678
Accrued interest on benefits	3,548	-	3,548	2,717	-	2,717
Transitional obligation	-	303	303	-	303	303
Past service costs	5,952	(5,365)	587	-	136	136
Net actuarial loss (gain)	(4,362)	10,782	6,420	1,191	(1,367)	(176)
Total post retirement benefit expense	7,854	5,720	13,574	5,586	(928)	4,658

	Pension benefits		Post retirement benefits	
	2008	2007	2008	2007
Significant actuarial assumptions in measuring the Company's accrued benefit obligations as at June 30 are as follows:				
Discount rate	6.15%	5.60%	6.10%	5.60%
Rate of compensation increase	3.70%	3.40%	-	-
Significant actuarial assumptions in measuring the Company's benefit costs as at June 30 are as follows:				
Discount rate	5.60%	5.75%	5.60%	5.75%
Expected long term rate of return on pension plan assets	7.15%	7.25%	-	-
Rate of compensation increase	2.90%	3.70%	-	-

The discount rate was estimated by applying Canadian corporate AA zero coupon bonds to the expected future benefit payments under the plans. For fiscal 2009, the expected long term rate of return on plan assets will be 7.0%, based on the investment mix, current yields and experience. In 2009, the Company expects to contribute $39.3 million to its defined benefit pension plans and $1.3 million to its other post retirement benefit plans.

Benefit payments, which reflect expected future service, are expected to be paid as follows for the years ending August 31:

Year ending August 31,	2009	20,968
	2010	23,383
	2011	25,766
	2012	28,284
	2013	31,072
	2014-2018	201,892

(1) As at August 31, 2008 the Company has defined benefit pension plans that are not fully funded. These plans have aggregate plan assets of $312.2 million (2007 - $302.1 million) and aggregate benefit obligations of $418.7 million (2007 - $443.2 million).

(2) Post retirement plans are non-contributory and include health, dental, and life insurance benefits. The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered for the post retirement health and life plans were 10.0% for medical and 7.0% for dental, decreasing to an ultimate rate of 5.0% for medical in 2019. A one percentage point increase in assumed health care cost trend rates would have increased the service and interest costs and obligation by $0.8 million and $5.6 million, respectively. A one percentage point decrease in assumed health care cost trends would have lowered the service and interest costs and the obligation by $0.6 million and $4.7 million, respectively.

(3) During the year $7.3 million in pension assets related to operations which have been sold were transferred. Previously they were classified as obligations of the plan.

(4) The accrued pension benefit obligation as at August 31, 2007 was reduced by $13.0 million to reflect the reclassification between the obligation and actuarial gains and losses in the period.

(5) Accounting entries to allocate costs to different periods so as to recognize the long term nature of employee future benefits.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Financial Instruments

	Carrying Amounts					
	August 31, 2008					August 31, 2007
	Financial instruments required to be classified as held for trading	Financial instruments classified as available for sale	Loans and receivables	Financial liabilities at amortized cost	Foreign currency interest rate swaps accounted for as hedges	
Financial Assets						
Cash and cash equivalents	75,994	-	-	-	-	125,176
Accounts receivable	-	-	560,674	-	-	493,324
Other investments	-	28,308	-	-	-	1,542,097
	75,994	28,308	560,674	-	-	2,160,597
Financial Liabilities						
Accounts payable and accrued liabilities	-	-	-	494,849	-	538,699
Broadcast rights payable	-	-	-	130,279	-	71,603
Long term debt	-	-	-	3,475,005	-	3,431,950
Derivative instruments	-	-	-	-	154,865	147,295
Hedging derivative instruments	-	-		-	270,523	170,757
Puttable interest in subsidiary	-	-		545,394	-	483,568
Other long term accrued liabilities	-	-	-	17,914	-	16,789
	-	-	-	4,663,441	425,388	4,860,661

There have been no changes in classification of financial instruments since adoption of the new financial instrument presentation on September 1, 2007 (note 2).

Total interest expense for financial liabilities carried at amortized cost was $328.5 million.

The fair values as compared to carrying values of the financial instruments are as follows:

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	75,994	75,994	125,176	125,176
Accounts receivable	560,674	560,674	493,324	493,324
Other investments	28,308	28,308	1,542,097	1,540,310
	664,976	664,976	2,160,597	2,158,810
Financial Liabilities				
Accounts payable and accrued liabilities	494,849	494,849	538,699	538,699
Broadcast rights payable	130,279	130,279	71,603	71,603
Long term debt	3,475,005	3,156,156	3,431,950	3,372,199
Derivative instruments	154,865	154,865	147,295	147,295
Hedging derivative instruments	270,523	270,523	170,757	269,943
Puttable interest in subsidiary	545,394	528,164	483,568	483,568
Other long term accrued liabilities	17,914	17,914	16,789	16,789
	5,088,829	4,752,750	4,860,661	4,900,096

The estimated fair values of financial instruments as at August 31, 2008 are based on relevant market prices and information available at the time.

The fair value of the short term financial assets and liabilities, which include cash and cash equivalents, accounts and other receivables, bank indebtedness, accounts payable, accrued liabilities, broadcast rights payable, approximates their carrying value due to the short term nature of these financial assets and liabilities.

The fair values of investments in equity instruments with a quoted market price and traded in an active market are based on the closing quoted market price. The fair values of the investment in private companies that do not have a quoted market price in an active market are not disclosed due to the unavailability of quoted market prices and limited markets. The Company does not intend to dispose of the investments in the near term.

The fair value of long term debt is estimated by using market values for publicly traded debt. The fair value of long term debt, not publicly traded, is estimated by discounting future cash flows using risk free interest rates adjusted for a credit spread. Credit spreads reflecting credit risk are affected both by the financial condition and prospects of the Company and its subsidiaries as well as by conditions affecting the credit market in general. A 0.25% increase in interest rates due to either a change in credit risk or interest rates would decrease the fair value of non publicly traded debt by $15.7 million and a $0.25% decrease would increase the fair value of non publicly traded debt by $16.0 million.

Hedging derivative instruments and derivative instruments are carried at fair value on the consolidated balance sheet. These contracts are valued using an income approach which consists of a discounted cash flow model that takes into account the present value of future cash flows under the terms of the contracts using current market information as of the reporting date such as prevailing interest rates and foreign currency spot and forward rates. Until settled, the fair value of these instruments will fluctuate based on changes in interest rate and foreign currency rates.

The fair value of other long term liabilities, including broadcast rights payable, approximate their carrying value.

The fair value of the puttable interest in subsidiary is estimated by discounting future expected cash flows using the risk free interest rates adjusted for a credit spread of 20.4%. A 0.25% increase in interest rates due to either a change in credit risk or interest rates would decrease the value of the puttable interest in subsidiary by $4.2 million and a 0.25% decrease would increase the value of the Puttable interest in subsidiary by $4.2 million.

(b) Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company uses derivative financial instruments to hedge foreign currency and interest rate risk exposures.

The Company uses different methods to monitor the different types of risk to which it is exposed. These methods include monitoring fair value of derivative instruments, fair value of publicly traded debt, foreign exchange rates and interest rates with respect to interest rates and foreign exchange risk, aging analysis and credit reviews for credit risk and cash flow projections for liquidity risk.

Risk management is primarily the responsibility of the Company's corporate finance functions. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors. During the year ended August 31, 2008, the Company did not change its methods in managing its financial risks.

(i) Foreign Currency Risk

Foreign currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to US dollar denominated debt. The Company manages its exposure on its US dollar denominated debt and expected foreign currency exposures on US dollar denominated foreign currency cash flows associated with interest settlements. The Company's treasury risk management policy is to hedge between 50% and 100% of its US dollar denominated debt instruments.

As August 31, 2008, the Company and its subsidiaries have entered into interest rate and foreign currency swaps with a notional value of US $2,189.6 million (note 9), representing approximately 88% of its US dollar denominated debt. As at August 31, 2008, if the Canadian dollar had weakened or strengthened by 1% against the US dollar with all other variables held constant, after tax net earnings (loss) for the period would have been $6.4 million higher or lower and after tax other comprehensive income (loss) would have been $12.6 million.

The Company has exposure on US dollar denominated debt of $318.7 million. As at August 31, 2008, if the Canadian dollar had weakened or strengthened by 1% against the US dollar with all other variables held constant, after tax net earnings (loss) for the period would have been $2.9 million higher or lower, respectively, mainly as a result of foreign exchange gains (losses) on translation of US dollar denominated debt.

(ii) Interest Rate Risk

The Company has no significant interest-bearing assets. The Company's interest rate risk arises from long term borrowings issued at variable rates which expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages its cash flow interest rate risk by using interest rate and foreign currency swaps. Such swaps have the economic effect of converting borrowings from US floating rates to Canadian fixed rates or from US fixed rates to Canadian fixed rates.

Under these swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts, as well as, amounts reflecting the amortization of the principal amount.

As at August 31, 2008, if interest rates on long term debt had been 10 basis points higher or lower with all other variables held constant, after tax net earnings (loss) for the period would have been $1.3 million higher or lower, respectively, for the year ended August 31, 2008, mainly as a result of higher or lower interest expense on long term debt, including the effect of the foreign currency and interest rate swap.

As at August 31, 2008, assuming all other variables are held constant, a 25 basis point parallel shift in the Canadian and US fixed yield curve would result in a $9.3 million change in the fair value of the swap, and no change in the fair value of the long term debt. As at August 31, 2008, a $0.01 higher or lower change in the value of the Canadian dollar against the US dollar, assuming all other variables are held constant, would result in a $28.3 million change in the fair value of the swap. The impact on after tax net earnings (loss) would have been $5.4 million and the impact on other comprehensive income (loss) for the year would have been $22.1 million, mainly as a result of changes in the fair value of the swap. The change in the fair value of the debt does not have an impact on net earnings (loss) and other comprehensive income (loss) as the debt is accounted for as an other financial liability at amortized cost.

	Maturity	2008 Notional Amount	2008 Fair Value	2008 25 basis point parallel shift	2008 $0.01 change in Canadian dollar	2007 Notional Amount	2007 Fair Value
Derivative instruments:							
Floating to fixed interest rate swap	Various to August 2009	46,320	1,471	75	-	46,803	1,484
Floating to fixed interest rate swap	November 2009	250,000	13,579	800	-	250,000	11,104
Floating to fixed interest rate swaps [1]	Various to December 2014	291,136 (A$320,000)	(1,372) (A$1,551)	-	-	219,657 (A$255,000)	(4,641) (A$5,375)
Floating to fixed interest rate swaps	Various to August 2009	509,520	141,187	825	3,400	514,828	139,348
		1,096,976	154,865	1,700	3,400	1,031,288	147,295
Hedging derivative instruments:							
Fair value hedging instruments							
Fixed to floating interest rate and foreign currency swap	September 2012	717,396 (US$601,323)	86,344	(5,725)	7,400		
Cash flow hedging instruments							
Fixed to floating interest rate and foreign currency swap [1]	March 2013	191,134 (A$210,084) (US$125,000)	62,950	-	-		
Fixed to fixed interest rate and foreign currency swap	September 2012	190,646 (US$159,777)	26,451	225	1,900		
Fixed to fixed interest rate and foreign currency swap	July 2015	429,000 (US$400,000)	8,834	150	5,200		
Floating to fixed interest rate and foreign currency swap	July 2014	493,750 (US$460,373)	45,671	6,250	5,100		
Floating to fixed interest rate and foreign currency swap	February 2015	471,438 (US$443,081)	40,273	6,693	5,280		
		2,493,364	270,523	7,593	24,880		

(1) Ten Holdings has foreign currency and interest rate swaps that convert US dollar denominated debt to Australian dollars. At 31 August 2008, if interest rates had changed by 25 basis points from the year end rates with all other variables held constant, after tax net earnings (loss) for the year would have been A$0.5 million higher or lower, mainly as a result of higher or lower interest expense from borrowings. Other components of equity would have been A$1.2 million lower or higher mainly as a result of an increase or decrease in the fair value of the cash flow hedges of borrowings.

The net loss on the derivative instruments recorded in the statements of earnings (loss) as interest rate and foreign currency swap losses are $54.0 (2007 – gain of $16.0 million)

As at August 31, 2008, the Company has decreased the hedging derivative instruments by $47.0 million, increased long term debt by $72.4 million related to the basis adjustment and for the year ended August 31, 2008 recorded a charge to interest rate and foreign currency swap losses of $25.2 million. During the year ended August 31, 2008, $25.2 million was recorded in net earnings (loss) which represented the hedge ineffectiveness associated with the fair value hedging instruments.

During the year ended August 31, 2008, $18.7 million foreign exchange losses, were reclassified to the income statement from AOCI, representing foreign exchange losses on the notional amounts of the cash flow hedging derivatives. These amounts were offset by foreign exchange gains recognized on the related US dollar denominated long term debt. During the year nil was recorded in net earnings (loss) which represented hedge effectiveness associated with cash flow hedging instruments.

During the year ended August 31, 2008, the Company reclassified $15.2 million from accumulated other comprehensive income to net earnings upon payment of interest. This amount has been recorded as a charge to interest expense and represents the effect of the swaps on the Company's interest expense.

The change in the fair value of the debt does not have an impact on net earnings (loss) and other comprehensive income (loss) as the debt is accounted for as other financial liabilities at amortized cost.

(iii) Price Risk

Price risk arises from changes in market risks, other than interest rate risk or credit risk, causing fluctuations in the fair value or future cash flows of the financial instrument. The Company is exposed to price risk on its available-for-sale investment. As at August 31, 2008, a $0.01 change in the market value per share of the Company's publicly traded investments would result in a change of $0.3 million in other comprehensive income (loss) for the period.

(iv) Credit Risk

The objective of managing counterparty credit risk is to prevent losses on financial assets. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures related to outstanding receivables. The Company's maximum exposure to credit risk are the amounts currently recognized as financial assets. Cash and cash equivalents are held at large chartered Canadian and Australian banks and accordingly the credit risk is considered minimal as the banks are rated AA(low). The Company is exposed to credit risk if the counterparties to the foreign currency and interest rate swaps are unable to meet their obligations. The Company does not expect the counterparties to fail to meet their obligations as the counterparties are rated greater than AA (low).

For exposures to accounts receivable from advertising agencies and other receivables, the Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors in determining credit limits. Credit is extended to customers following a credit review that includes obtaining credit ratings from external sources. Credit limits are determined based on credit assessment criteria and credit quality. Outstanding receivables are monitored regularly and any credit concerns are brought to the attention of operational management. The Company uses a variety of industry and other external sources to monitor its customers.

Management regularly monitors accounts receivable aging, reviews customer credit limits, performs credit reviews and provides allowances for potentially uncollectible accounts receivable. The amounts disclosed in the consolidated balance sheets are net of allowances for doubtful accounts. The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures and an overall loss component established based on historical trends.

Accounts receivable are impaired when there is evidence that collection is unlikely. The factors that are considered in determining if collection is unlikely include whether a customer is in bankruptcy, under administration or the payments are in dispute. At August 31, 2008, the Company had accounts receivable of $560.7 million, net of an allowance for doubtful accounts of $11.4 million, which adequately reflects the Company's credit risk. At August 31, 2008, $168.3 million of accounts receivable is considered past due, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers, but not impaired.

The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk. The activity of the allowance for doubtful accounts for the period is as follows:

	August 31, 2008
Allowance for doubtful accounts – beginning of period	11,981
Bad debt expense	3,496
Write-offs	(4,187)
Foreign exchange	72
Allowance for doubtful accounts – end of period	11,362

A significant portion of sales by Canadian television and CW Media are made to advertising agencies which results in some concentration of credit risk. For the CW Media television segment, 60% of the $63 million in accounts receivable as at August 31, 2008 are due from the largest ten accounts. The largest amount, which is due from an advertising agency, is $6 million or 9% of receivables at August 31, 2008. For the Canadian television segment 68% of the $136 million in accounts receivable as at August 31, 2008 are due from the largest ten accounts which are all advertising agencies. The largest amount due from a single agency is $14 million or 10% of receivables at August 31, 2008.

Sales in the publishing segment are widely distributed with 20% of the $149 million in accounts receivable as at August 31, 2008 due from the largest ten accounts which are all advertising agencies. The largest amount due from a single agency is $5 million or 3% of receivables at August 31, 2008.

For Ten Holdings, 67% of the $145 million in receivables are due from the largest ten accounts.

(v) Liquidity Risk

Liquidity risk is the risk that sufficient funds will not be available to meet financial requirements as they become due. The Company manages liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities and continually monitors actual and projected cash flows.

The table below summarizes the Company's financial liabilities by maturity at the balance sheet date. The amounts disclosed in the table are the contractual cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Thereafter	Total
Accounts payable and accrued liabilities	494,849	-	-	-	494,849
Broadcast rights payable	130,279	-	-	-	130,279
Long term debt and cash interest	231,348	241,197	2,236,098	2,363,632	5,072,275
Puttable interest in subsidiary	-	-	1,092,403	-	1,092,403
Derivative instruments					
Cash outflow (Canadian dollar)	529,975	8,385	250	166	538,776
Cash inflow (Canadian dollar equivalent of U.S. dollar)	(376,729)	(3,845)	-	-	(380,574)
Hedging derivative instrument					
Cash outflow (Canadian dollar)	178,117	204,723	1,681,490	1,083,141	3,147,471
Cash inflow (Canadian dollar equivalent of U.S. dollar)	(145,020)	(179,519)	(1,467,302)	(1,055,215)	(2,847,056)
Other long term liabilities	-	17,063	33	818	17,914
	1,042,819	288,004	3,542,972	2,392,542	7,266,337

23. CAPITAL MANAGEMENT

The Company and its immediate subsidiary Canwest Media Inc. (together being the "Parent") hold controlling interests in a number of media companies including Canwest Limited Partnership, CW Investments Inc. and Ten Network Holdings Limited. The Company manages its capital at the Parent level separately from the capital of these subsidiaries. For purposes of disclosures of capital management, the Company has provided separate information about the Parent, Canwest Limited Partnership, CW Media Holdings Inc. and Ten Network Holdings Limited. The Parent information provided is based on the legal non-consolidated statutory financial statements while the information provided for Canwest Limited Partnership, CW Investments Inc. and Ten Network Holding Limited is based on their individual consolidated financial statements. The Company has not changed its approach to capital management for the year ended August 31, 2008.

The Parent

The Parent capital management objective is to maximize shareholder returns while ensuring the Parent is capitalized in a manner which appropriately supports its operations and provides flexibility to take advantage of growth and development opportunities. In managing its capital structure, the Parent takes into account the asset characteristics of its subsidiaries, planned requirements for funds and leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of borrowing.

The Parent views capital as the sum of the Parent's net debt and shareholders' equity, excluding accumulated other comprehensive income. Net debt consists of long term and current portions of debt less cash and cash equivalents.

Capital managed at the Parent as presented in the consolidated statement of financial position is summarized as follows:

	August 31, 2008	August 31, 2007
Cash and cash equivalents	(25,891)	(3,379)
Interest bearing debt	828,755	829,800
Shareholders' equity, excluding accumulated other comprehensive income	632,124	1,663,945
Capital	1,434,988	2,490,366

The Parent is subject to certain covenants under its Senior secured revolving credit facility and senior subordinated notes, including the following financial covenants, as defined by the related agreement as at August 31, 2008 and reflecting the November 2008 amendments:

- Total leverage ratio not exceeding 5.00 times as at August 31, 2008 which will step up to 6.75 times effective August 31, 2009 and step down to 5.25 times effective August 31, 2010;
- Senior leverage ratio not exceeding 3.00 times as at August 31, 2008 which will step down to 2.00 times effective November 30, 2008 for the remainder of the term;
- Adjusted EBITDA to financing expenses to exceed 2.00 times as at August 31, 2008 which will step down to 1.50 times effective May 31, 2009 and increase to 1.75 times effective February 28, 2010; and
- Market value of equity of publicly traded investments to senior secured debt ratio not less than 1.25 times.

Leverage ratios are based on adjusted EBITDA which includes operating income before amortization from certain wholly owned subsidiaries adjusted to exclude non-recurring items, unusual items and other adjustments permitted in calculating covenant compliance under the Senior secured revolving credit facilities and the Senior unsecured notes and distributions from non-wholly owned subsidiaries including, among others, Ten Holdings and the Limited Partnership. The definition of Adjusted EBITDA and the Parent financial covenants are non-GAAP financial measures and do not have any standardized meaning prescribed by Canadian GAAP and, therefore, are unlikely to be comparable with the calculation used by other companies.

The Parent regularly monitors these ratios to ensure that it meets all financial covenants and has controls in place to ensure that contractual covenants are met. The Parent has complied with all its debt covenants as at August 31, 2008.

Subsequent to year end in November 2008, the terms of the credit facility were amended to among other things reduce the total availability to $300 million and to amend the financial covenant ratios.

The Parent manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and working capital requirements. In order to maintain or adjust its capital structure, the Parent, upon approval from its Board of Directors, may issue or repay long term debt or undertake other activities as deemed appropriate under the specific circumstances. The Parent reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets.

Except for foreign ownership restrictions that were complied with during the year ended August 31, 2008, the Parent is not subject to externally imposed capital requirements. The Parent's capital management strategy has not changed during the year ended August 31, 2008.

Canwest Limited Partnership

Limited Partnership's capital management objective is to maximize partner returns while ensuring the Limited Partnership is capitalized in a manner which appropriately supports its operations and provides the flexibility to take advantage of growth and development opportunities of the business. The Limited Partnership's capital is comprised of net debt and partners' equity, excluding accumulated other comprehensive income. Net debt consists of the long term and current portions of debt and capital leases less cash and cash equivalents.

Capital managed at the Limited Partnership as presented in the consolidated statement of financial position is summarized as follows:

	August 31, 2008	August 31, 2007
Cash and cash equivalents	-	(10,682)
Long term debt	1,331,945	1,352,750
Capital leases	9,927	12,462
Partners' deficiency, excluding accumulated other comprehensive income	(960,649)	(939,186)
Capital	381,223	415,344

The Limited Partnership monitors capital based on its leverage ratio which is total indebtedness measured in accordance with the credit agreements of the Limited Partnership and certain subsidiaries less cash and cash equivalents held by the Limited Partnership and certain subsidiaries divided by last four quarters Adjusted EBITDA. Adjusted EBITDA is operating income before amortization adjusted to exclude non-recurring items, unusual items and other adjustments permitted in calculating covenant compliance under the Senior Secured Credit facilities and the Senior Unsecured Notes. The definition of capital, Adjusted EBITDA and the Limited Partnership's financial covenants are non-GAAP financial measures and do not have any standardized meaning prescribed by Canadian GAAP and, therefore, are unlikely to be comparable with the calculation used by other companies. Under the Limited Partnership's senior secured credit facilities, senior subordinated unsecured credit facilities and senior subordinated unsecured notes it is required to maintain to the leverage ratio of less than 5.75:1.0, a senior leverage ratio of less than 3.75:1.0, and an interest coverage ratio of not less than 1.75:1.0.

The Limited Partnership regularly monitors these ratios to ensure that it meets all financial covenants and has controls in place to ensure that contractual covenants are met. The Limited Partnership has complied with all its debt covenants as at August 31, 2008.

The Limited Partnership is not subject to externally imposed capital requirements. The Limited Partnership's capital management strategy has not changed during the year ended August 31, 2008.

CW Investments Inc.

CW Investment's capital management objective is to maximize shareholder returns while ensuring it is capitalized in a manner which appropriately supports its operations and provides the flexibility to take advantage of growth and development opportunities of the business. CW Investment's capital is comprised of net debt puttable interest in a subsidiary and shareholders' equity, excluding accumulated other comprehensive loss. Net debt consists of interest-bearing debt and capital leases less cash and cash equivalents.

Capital managed at CW Investments as presented in the consolidated statement of financial position is summarized as follows:

	August 31, 2008	August 31, 2007
Cash and cash equivalents	(15,536)	(86,029)
Interest bearing debt	795,318	786,947
Capital leases	989	1,454
Puttable interest in a subsidiary	545,394	483,568
Shareholders' equity, excluding accumulated other comprehensive income	56,723	261,414
Capital	1,382,888	1,447,354

CW Investments monitors capital using a consolidated leverage ratio which is consolidated total indebtedness as defined in its credit agreements less cash and cash equivalents held by CW Investments and certain subsidiaries divided by last four quarters Adjusted EBITDA. Adjusted EBITDA is operating income before amortization adjusted to exclude non-recurring items, unusual items and other adjustments permitted in calculating covenant compliance under the Senior Secured Credit facilities and the Senior Unsecured Notes. The definition of capital, Adjusted EBITDA and CW Investment's financial covenants are non-GAAP financial measures and do not have any standardized meaning prescribed by Canadian GAAP and, therefore, are unlikely to be comparable with the calculation used by other companies. Under CW Media's Senior Secured Credit facilities and Senior Unsecured Notes, as at August 31, 2008, CW Media is required to maintain a consolidated leverage ratio of less than 9.8:1.0. CW Investments has complied with all its debt covenants as at August 31, 2008.

Except for foreign ownership restriction restrictions that were complied with during the year ended August 31, 2008, CW Investments is not subject to externally imposed capital requirements. CW Investment's capital management strategy has not changed during the year ended August 31, 2008.

Ten Network Holdings Limited

Ten Holdings' capital management objective is to safeguard its ability to continue as a going concern so that they can continue to provide returns for shareholders, benefit other stakeholders, maintain an optimal capital structure to reduce the cost of debt and maintain a flexible financing structure so as to be able to take advantage of any new investment opportunities or initiatives that may arise. Ten Holdings' capital is comprised of net debt and shareholders' equity. Net debt consists of interest-bearing debt less cash and cash equivalents.

Capital managed at Ten Holdings as presented in the Ten Holdings consolidated statement of financial position is summarized as follows:

	August 31, 2008 (A$)	August 31, 2007 (A$)
Cash and cash equivalents	(30,938)	(20,187)
Interest bearing debt	570,441	542,604
Shareholders' equity	766,274	627,328
Capital	1,305,777	1,149,745

In order to maintain or adjust the capital structure, Ten Holdings may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Under the Ten Holdings credit facilities, Ten Holdings is required to maintain a consolidated leverage ratio of less than 4.25:1.00. Ten Holdings has complied with all its debt covenants as of August 31, 2008.

Ten Holdings is not subject to externally imposed capital requirements. Ten Holding's capital management strategy has not changed during the year ended August 31, 2008.

24. JOINTLY CONTROLLED ENTERPRISES

The following amounts included in the consolidated financial statements represent the Company's proportionate interest in joint ventures.

	2008	2007
Balance Sheets		
Assets		
Current assets	5,095	2,134
Long term assets	4,677	130
	9,772	2,264
Liabilities		
Current liabilities	573	19
Long term liabilities	535	-
	1,108	19
Statements of income (loss)		
Revenue	27,378	5,638
Expenses	14,703	6,016
Net income (loss)	12,675	(378)
Statements of cash flows		
Cash generated (utilized) by		
Operating activities	11,748	4,397
Investing activities	-	155
Financing activities	(11,581)	(4,540)
Net increase in cash	167	12

25. 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 2008, rent paid to this company amounted to $1.1 million (2007 - $1.2 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 2008 the Company has included in selling general and administrative expenses $0.3 million (2007 – nil) 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.

26. COMMITMENTS, CONTIGENCIES and GUARANTEES

Commitments

(a) The Company has entered into various agreements for the right to broadcast certain feature films and television programs in the future. These agreements generally commit the Company to acquire specific programs or films or certain levels of future productions. The acquisition of these additional broadcast rights is contingent on the actual production and/or the airing of the programs or films. Management estimates that the commitments related to these agreements will result in annual broadcast rights payments as follows:

2009	624,497
2010	349,076
2011	242,377
2012	124,201
2013	122,454

(b) For the year ended August 31, the Company's future minimum lease payments under the terms of its operating leases are as follows:

2009	110,155
2010	103,762
2011	90,549
2012	71,963
2013	53,596
Thereafter	165,353

(c) The Company is required to spend $151.2 million on initiatives that will benefit the Canadian broadcasting industry over a period of seven years. This obligation was initially recorded at fair value, being the sum of discounted future net cash flows using a discount rate of 8% with an offsetting entry to goodwill.

Changes in this obligation during the fiscal year ended August 31, 2008 are as follows:

Unamortized cost - August 31, 2007	-
Obligation	113,327
Payments	(4,980)
Interest accretion	5,341
Unamortized cost - August 31, 2008	113,688

As at August 31, 2008, $26.6 million of this obligation has been classified as current.

Future expenditures related to these initiatives are projected as follows:

2009	26,614
2010	23,761
2011	23,624
2012	23,761
2013	23,698
Thereafter	23,698
	145,156
Amount representing discounting	(31,468)
	113,688

Contingencies

(d) The Company has requested arbitration related to $78.2 million 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. Hollinger disputes this claim and claims that it and certain of its affiliates are owed $113.3 million by the Company. The arbitration hearings have been completed and the decision of the arbitrator is expected by December 31, 2008.

(e) 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 defense, 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.

(f) 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.

(g) 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.

Guarantees

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

In connection with the acquisition of Alliance Atlantis, the Company and Goldman Sachs entered into an indemnity agreement dated August 15, 2007 (the "Indemnity Agreement") and a shareholders agreement dated August 15, 2007 (the "Shareholders Agreement") governing the manner in which the affairs of CW Investments would be conducted. Pursuant to the Indemnity Agreement, the Company has 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 the Company 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 jointly and severally indemnify the Company 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, the Company has recorded income tax liabilities of $27.3 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. The Company has recorded accounts receivable in this amount.

The Company has agreed to indemnify its current and former directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counter parties. At August 31, 2008 the Company has $40 million in directors' and officers' liability insurance coverage.

27. SEGMENTED INFORMATION

The Company operates primarily within the publishing, television, radio and out-of-home advertising industries in Canada, Australia, Turkey, and United States. Segmented information has been retroactively revised to reflect the Company's current reportable segment structure due to the sale of the United Kingdom radio segment and includes the operations of CW Media from the date of acquisition.

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 revenues as if the revenues were to third parties.

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

	Revenue[1][2]		Segment operating profit		Total assets		Capital expenditures	
	2008	2007 (revised note 18)	2008	2007 (revised note18)	2008	2007 (revised note 18)	2008	2007 (revised note 18)
Publishing	1,302,456	1,285,298	294,415	269,096	2,783,127	2,798,337	36,629	19,980
Television								
Canada	670,702	683,035	44,375	61,266	549,965	1,356,450	55,948	28,445
CW Media	360,024	-	120,571	-	1,769,075	-	2,865	-
	1,030,726	683,035	164,946	61,266	2,319,040	1,356,450	58,813	28,445
Australia	752,530	738,475	185,474	205,251	828,102	634,161	18,385	26,484
Total television	1,783,256	1,421,510	350,420	266,517	3,147,142	1,990,611	77,198	54,929
Radio - Turkey	15,012	14,920	5,831	5,832	91,398	81,469	142	2,334
Out-of-home	161,641	146,226	6,369	416	223,732	213,262	13,990	25,387
Intersegment revenues	(7,613)	(3,796)						
Corporate and other	-	-	(34,223)	(32,958)	269,395	2,002,382	218	584
Corporate development expenses	-	-	-	(16,910)				
Restructuring expenses	-	-	(20,715)	-				
Discontinued operations	-	-	-	-		8,990	-	-
	3,254,752	2,864,158	602,097	491,993	6,514,794	7,095,051	128,177	103,214
Elimination of equity accounted affiliates [3]	(108,767)	-	(44,440)	-				
	3,145,985	2,864,158	557,657	491,993	6,514,794	7,095,051	128,177	103,214
Amortization of intangibles			9,040	6,395				
Amortization of property and equipment			113,994	93,330				
Other amortization			596	1,403				
Operating income			434,027	390,865				
Interest expense			(328,517)	(190,227)				
Accretion of long term liabilities			(67,560)	(3,603)				
Interest income			22,162	5,946				
Amortization of deferred financing costs			-	(12,794)				
Interest rate and foreign currency swap gains (losses)			(53,991)	15,955				
Foreign exchange gains (losses)			(10,219)	9,690				
Investment gains, losses and write-downs			(31,652)	8,448				
Impairment loss on intangible assets			(408,484)	-				
Impairment loss on goodwill			(601,318)	-				
Earnings (loss) before income taxes and other items			(1,045,552)	224,280				

(1) Represents revenue from third parties. In addition, the following segments recorded intercompany revenues: Canadian television – $6.4 million (2007 – $1.8 million), Publishing – $1.2 million (2007 – $2 million).

(2) Revenues consist of advertising revenues of $2,692 million (2007 - $2,560 million) and circulation and subscriber revenues of $454 million (2007 - $304 million).

(3) Elimination of the Company's equity interest in regulated entities of CW Media up to December 20, 2007.

28. RECLASSIFICATION OF PRIOR YEAR AMOUNTS

Certain prior year amounts have been reclassified to conform with the financial statement presentation adopted in the current year.

29. SUBSEQUENT EVENT

Subsequent to year end, the Company announced a restructuring plan that will impact the Canadian television, CW Media television and publishing segments. The plan for Canadian television and CW Media will reduce the workforce in these segments by approximately 210 positions and the Company expects to incur an estimated $7 million restructuring charge in fiscal 2009 related to this plan. The plan for the publishing segment will reduce the workforce in this segment by approximately 350 positions and the Company expects to incur an estimated $18 million to $22 million restructuring charge in fiscal 2009 related to this plan.