

**TAB C**

THIS IS EXHIBIT "C" REFERRED TO IN THE  
AFFIDAVIT OF JOHN E. MAGUIRE  
SWORN BEFORE ME  
ON THIS 5<sup>TH</sup> DAY OF OCTOBER, 2009

A handwritten signature in black ink, appearing to read "SI", is written over a horizontal line.

A COMMISSIONER FOR TAKING AFFIDAVITS  
Shawn Irving

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

**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)	<u>20,715</u>	<u>-</u>
	557,657	491,993
Amortization of intangibles	9,040	6,395
Amortization of property and equipment	113,994	93,330
Other amortization	<u>596</u>	<u>1,403</u>
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)	<u>(601,318)</u>	<u>-</u>
	(1,045,552)	224,280
Provision for (recovery of) income taxes (note 16)	<u>(21,449)</u>	<u>94,013</u>
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	<u>850</u>	<u>(5,351)</u>
<b>Net earnings (loss) from continuing operations</b>	(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)	<u>(7,407)</u>	<u>5,481</u>
<b>Net earnings (loss) from discontinued operations</b>	<u>(14,377)</u>	<u>257,479</u>
<b>Net earnings (loss) for the year</b>	<u>(1,040,080)</u>	<u>279,327</u>
<b>Earnings (loss) per share from continuing operations (note 14):</b>		
<b>Basic</b>	(\$5.77)	\$0.12
<b>Diluted</b>	(\$5.77)	\$0.12
<b>Earnings (loss) per share (note 14):</b>		
<b>Basic</b>	(\$5.85)	\$1.57
<b>Diluted</b>	(\$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)
<b>ASSETS</b>		
<b>Current Assets</b>		
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
	<u>1,014,732</u>	<u>860,762</u>
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
	<u>6,514,794</u>	<u>7,095,051</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
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
	<u>962,119</u>	<u>786,706</u>
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
	<u>5,947,561</u>	<u>5,431,106</u>
<b>Commitments, contingencies and guarantees (note 26)</b>		
<b>Subsequent event (note 29)</b>		
<b>SHAREHOLDERS' EQUITY</b>		
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)
	<u>(299,446)</u>	<u>800,686</u>
	<u>567,233</u>	<u>1,663,945</u>
	<u>6,514,794</u>	<u>7,095,051</u>

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
<b>Net earnings (loss) for the period</b>	(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	<u>(850)</u>	<u>5,351</u>
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)	<u>32,716</u>	<u>-</u>
	<u>1,787</u>	<u>-</u>
<b>Comprehensive income (loss) for the period</b>	<u>(1,076,373)</u>	<u>290,998</u>

**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)	<u>(946)</u>	<u>-</u>
	805,525	527,144
Net earnings (loss) for the year	<u>(1,040,080)</u>	<u>279,327</u>
Retained earnings (Deficit) - end of year	<u>(234,555)</u>	<u>806,471</u>

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)
<b>CASH GENERATED (UTILIZED) BY:</b>		
<b>OPERATING ACTIVITIES</b>		
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	<u>(31,719)</u>	<u>-</u>
	206,297	235,259
Changes in non-cash operating accounts (note 19)	<u>(109,545)</u>	<u>1,892</u>
Cash flows from operating activities of continuing operations	96,752	237,151
Cash flows from operating activities of discontinued operations (note 18)	<u>(6,034)</u>	<u>31,137</u>
Cash flows from operating activities	<u>90,718</u>	<u>268,288</u>
<b>INVESTING ACTIVITIES</b>		
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	<u>(1,336)</u>	<u>(8,071)</u>
	<u>(122,280)</u>	<u>(1,724,618)</u>
<b>FINANCING ACTIVITIES</b>		
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 recouping 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)	<u>-</u>	<u>(13,363)</u>
	<u>(20,236)</u>	<u>1,303,311</u>
Foreign exchange gain on cash denominated in foreign currencies	<u>2,616</u>	<u>777</u>
<b>Net change in cash and cash equivalents</b>	<u>(49,182)</u>	<u>(152,242)</u>
<b>Cash and cash equivalents— beginning of year</b>	<u>125,176</u>	<u>277,418</u>
<b>Cash and cash equivalents— end of year</b>	<u>75,994</u>	<u>125,176</u>

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.