

Astral Media Inc.
2100, rue Sainte-Catherine Ouest
Bureau 1000
Montréal (Québec)
H3H 2T3

Tel. : (514) 939-5000
Fax : (514) 939-1515
www.astralmedia.com



Quarterly Report 2

ASTRAL MEDIA REPORTS STRONG SECOND QUARTER RESULTS FOR FISCAL 2008

38% revenue growth
48% increase in EBITDA¹
18% increase in net earnings¹
9% increase in EPS (basic)¹
35% increase in cash flow from operations¹
46% increase in cash flow from operating activities

*The following includes the results of operations of the assets acquired
from Standard Radio, effective October 29, 2007.*

Montréal, April 14, 2008

Astral Media Inc. (TSX: ACM.A/ACM.B) today reported its financial results for the second quarter ended February 29, 2008, which saw continued growth in revenues, EBITDA¹, net earnings, EPS and cash flow from operations¹.

Consolidated net earnings for the second quarter increased by 18%¹ over the same quarter last year, rising to \$29.0 million¹ (\$0.51 per share¹) from \$24.6 million (\$0.47 per share). Consolidated net earnings for the first six months of Fiscal 2008 increased by 16%¹ over last year, rising to \$66.5 million¹ (\$1.19 per share¹) from \$57.3 million (\$1.08 per share) last year. Consolidated revenues for the second quarter totalled \$206.9 million, a 38% increase over the \$149.9 million reported last year for the same period. Consolidated revenues totalled \$405.7 million for the first half of the year, an increase of 29% over the \$315.0 million recorded last year for the same period.

For the second quarter, EBITDA¹ rose to \$61.2 million from \$41.4 million for the same period last year, an increase of 48%. EBITDA¹ for the first six months increased by 34% to \$126.8 million from \$94.4 million for the same period last year. Cash flow from operations¹ for the second quarter increased 35% to \$41.7 million from \$30.8 million for the same period last year. Cash flow from operations¹ rose 33% totalling \$88.3 million for the first half of the year compared to \$66.3 million for the same period last year.

¹ See "Supplementary Measures".

“Our Specialty Television networks recorded strong growth for the quarter with advertising revenues increasing by 12%,” said Ian Greenberg, President and Chief Executive Officer. “With the Standard Radio acquisition, revenues of our Radio Group for the quarter amounted to \$75.1 million, an increase of \$49.4 million compared to the same period last year. Astral Media’s radio stations in the Québec francophone market and in the Atlantic Provinces recorded a 2% organic growth. Finally, our Outdoor Division is continuing to generate sizeable benefits from the Toronto Street Furniture contract, as revenues grew 43% for the quarter,” continued Mr. Greenberg.

He added: “Today’s results once again confirm the strength of our asset mix and our ability to consistently deliver growth in an environment that is more and more challenging. Going forward, our new national footprint will continue to allow us to transform this exposure into new growth opportunities”.

OPERATIONAL HIGHLIGHTS

Television

- Revenue growth of 5% for the six-month period;
- EBITDA¹ growth of 8% for the six-month period;
- EBITDA margin¹ rose from 35.0% to 35.8% for the six-month period.

Radio

- Revenue growth of \$67.5 million (119%) for the six-month period, mainly due to the assets acquired from Standard Radio;
- EBITDA¹ growth of \$24.3 million (143%) for the six-month period;
- EBITDA margin¹ rose from 29.9% to 33.2% for the six-month period;
- Radio stations in Québec and the Atlantic Provinces recorded a 2% organic revenue growth for the six-month period.

Outdoor Advertising

- Revenue growth of 48% for the six-month period, as a result of the Toronto Street Furniture Program effective September 1st, 2007, and a strong performance in the Québec market;
- 52% EBITDA¹ growth for the six-month period.

Other

- Launch of a new radio station in Regina, Saskatchewan: Big Dog 92.7, CHBD-FM;
- 25% increase in the dividend rate announced on December 5, 2007;
- Renewal of the normal course issuer bid announced on December 5, 2007.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

The purpose of this Management's Discussion and Analysis ("MD&A"), dated April 14, 2008, is to provide readers with additional and complementary information regarding Astral Media Inc.'s ("Astral", "Astral Media" or the "Company") financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended February 29, 2008 and February 28, 2007, as well as the audited consolidated financial statements and related notes and the MD&A contained in the Company's 2007 Annual Report.

Copies of these documents, the Company's Annual Information Form ("AIF"), its Management Proxy Circular dated October 24, 2007, its notices of intention to make a normal course issuer bid, as well as additional information concerning the Company can be found on the SEDAR Web site at www.sedar.com and may also be obtained upon request, without charge, to the Secretary of the Company at its executive office, 2100, rue Sainte-Catherine Ouest, bureau 1000, Montréal, Québec, H3H 2T3, telephone: (514) 939-5000. The above-mentioned documents, as well as the Company's news releases, are also available on the Company's Web site at www.astralmedia.com.

All amounts herein are expressed in Canadian dollars. Certain comparative figures have been reclassified to conform to the basis of presentation adopted in Fiscal 2008.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements concerning the future performance of the Company's business, its operations and its financial results and condition. When used in this document, the words "believe", "anticipate", "intend", "estimate", "expect", "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors, including technological change, economic conditions, regulatory change, competitive factors and changes in accounting rules or standards, many of which are beyond the Company's control (see "Risks, Uncertainties and Opportunities"). Therefore, future events and results may vary substantially from what we currently foresee. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

PROFILE

Astral Media is a leading Canadian media company, reaching people through a combination of highly targeted media properties in television, radio, outdoor advertising, and interactive media. The Company is the country's largest broadcaster of English- and French-language pay and specialty television services and is currently involved, on its own or with partners, in 20 licensed properties. Astral Media and its television networks also play a vital role as the largest private sector investor in Canadian feature films. Astral Media is also Canada's largest radio broadcaster. The Company owns 82 radio stations in 8 provinces and features some of the industry's best known brands: Énergie, RockDétente, boom fm, EZ Rock, The Mix and The Bear. Astral Media Outdoor is one of Canada's most dynamic and innovative outdoor advertising companies with approximately 7,500 faces located in the largest markets in Québec and Ontario. Astral Media also operates over 70 websites with a high level of interactivity and a variety of different products and services on-line. Astral Media employs over 2,800 people at its facilities in Montréal, Toronto, and in a number of cities throughout Canada. The shares of Astral Media Inc. trade on the Toronto Stock Exchange under the ticker symbols ACM.A/ACM.B.

HIGHLIGHTS

- 10% increase in basic earnings per share, before impact of future income tax rate changes ⁽¹⁾ ⁽²⁾ (57% increase in basic earnings per share), for the six-month period
- 16% increase in net earnings, before impact of future income tax rate changes ⁽¹⁾ ⁽²⁾ (65% increase in net earnings), for the six-month period
- 34% increase in EBITDA ⁽³⁾ (8% increase on an organic basis ⁽⁴⁾), for the six-month period
- 29% increase in revenues (6% increase on an organic basis ⁽⁴⁾), for the six-month period
- 33% increase in cash flow from operations ⁽²⁾ (11% increase in cash flow from operating activities), for the six-month period
- The launch of a new radio station in Regina, Saskatchewan: Big Dog 92.7, CHBD-FM
- 25% increase in the dividend rate announced on December 5, 2007
- Renewal of the normal course issuer bid announced on December 5, 2007

(1) See "Income Taxes".

(2) See "Supplementary Measures".

(3) Earnings before interest, taxes, depreciation and amortization ("EBITDA") (see "Supplementary Measures").

(4) Excluding the impact of an additional 50% ownership interest in MusiquePlus Inc. and the impact of the results of operations of the assets acquired from Standard Radio Inc. on October 29, 2007 (see "Business Developments").

ASTRAL MEDIA INC.
Management's Discussion and Analysis
for the periods ended February 29, 2008 and February 28, 2007

PERFORMANCE REVIEW

CONSOLIDATED RESULTS

<i>(in thousands of \$ except for per-share data)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Revenues	206,947	149,863	38%	405,694	314,962	29%
Operating expenses	145,706	108,511	34%	278,866	220,550	26%
EBITDA ⁽¹⁾	61,241	41,352	48%	126,828	94,412	34%
Depreciation and amortization	6,087	4,010	52%	10,966	7,805	40%
Interest expense (income), net	11,630	(785)	n/a	15,109	(1,959)	n/a
Earnings before income taxes	43,524	38,127	14%	100,753	88,566	14%
Income tax provision, before future income tax recovery ⁽²⁾	14,529	13,499	8%	34,222	31,289	9%
Net earnings, before future income tax recovery ^{(1) (2)}	28,995	24,628	18%	66,531	57,277	16%
Future income tax recovery resulting from income tax rate changes ⁽²⁾	28,259	-	n/a	28,259	-	n/a
Net earnings	57,254	24,628	132%	94,790	57,277	65%
Basic earnings per share, before impact of future income tax rate changes ^{(1) (2)}	0.51	0.47	9%	1.19	1.08	10%
Earnings per share – impact of future income tax rate changes ⁽²⁾	0.49	-	n/a	0.51	-	n/a
Basic earnings per share	1.00	0.47	113%	1.70	1.08	57%
Diluted earnings per share	0.98	0.46	113%	1.66	1.06	57%
Weighted average number of shares outstanding – basic	57,356	52,671	9%	55,812	52,823	6%
Weighted average number of shares outstanding – diluted	58,466	53,878	9%	56,943	53,989	5%
Cash flow from operations ⁽¹⁾	41,740	30,813	35%	88,345	66,299	33%

(1) See "Supplementary Measures".

(2) See "Income Taxes".

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

OVERALL ANALYSIS

Revenues

Television revenues are derived from subscription fees, advertising sales and pay-per-view sales. Pay-television subscription revenues tend to follow the growth trend of digital television subscribers in the same markets, while specialty television subscriber revenues generally show lower growth rates as the networks are distributed on high-penetration analog and digital tiers. Television and Radio advertising revenues are derived from advertising aired on the Company's broadcasting properties and they vary according to market conditions, the quality of programming and the effectiveness of the sales organization. Outdoor Advertising revenues are derived from the sale of advertising on the Company's inventory of outdoor faces and street furniture equipment, and are influenced by their number in inventory, their location and size, occupancy levels, as well as market and general economic conditions.

Revenues are detailed as follows:

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Subscription related - Television	95,279	93,893	1%	190,260	183,855	3%
Advertising						
Television	21,948	19,721	11%	55,091	49,275	12%
Radio	75,087	25,707	192%	124,282	56,806	119%
Outdoor Advertising	13,133	9,191	43%	33,186	22,350	48%
Total Advertising	110,168	54,619	102%	212,559	128,431	66%
Other	1,500	1,351	11%	2,875	2,676	7%
Total Revenues	206,947	149,863	38%	405,694	314,962	29%

On October 29, 2007, the Company completed the acquisition of substantially all of the assets of Standard Radio Inc. ("Standard") consisting of 53 radio stations in 30 markets across Canada, as well as two television stations located in northern British Columbia. Also included in the transaction were the assets of Integrated Media Sales or "IMS", a national advertising sales organization, and of Sound Source Networks, a radio content service provider (the "Standard Acquisition"). Total year-to-date revenues include those generated by four months of operations of the assets acquired as part of the Standard Acquisition, and the impact of the acquisition of an additional 50% ownership interest in MusiquePlus Inc. ("MusiquePlus") on June 30, 2007. Excluding these acquisitions, the total revenue increases would have been 3% and 6% respectively for the three- and six-month periods ended February 29, 2008. Subscription-related revenue gains were driven by subscriber growth, and Television advertising revenue growth was driven mainly by market growth, higher ratings and effective sales organizations. The Outdoor Advertising revenue increase was driven mainly by market growth, effective sales organisation and the new 20-year contract for the street furniture program with the City of Toronto (the "TSF") which began on September 1, 2007. Revenue variations are explained in the "Business Segment Performance" section.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

Operating Expenses

Total year-to-date operating expenses include four months of operations of the assets acquired as part of the Standard Acquisition and the impact of the acquisition of an additional 50% ownership interest in MusiquePlus. The Company's most significant operating expenses are television programming costs, and salaries and benefits, which together represent the majority of cost increases compared to the prior year's corresponding periods. Variances are explained in the "Business Segment Performance" section.

EBITDA ⁽¹⁾

The Company's EBITDA ⁽¹⁾ for the three- and six-month periods ended February 29, 2008 have increased due mainly to the inclusion of results of operations of the assets acquired as part of the Standard Acquisition effective October 29, 2007, higher subscription revenues in Television and higher advertising revenues in all segments. Excluding the impact of the Standard Acquisition and the acquisition of the additional 50% ownership interest in MusiquePlus, EBITDA ⁽¹⁾ growth would have been 4% for the current quarter and 7% for the six-month period ended February 29, 2008. Overall EBITDA margins ⁽¹⁾ of 29.6% for the quarter and 31.3% for the six-month period compare favourably with the 27.6% and 30.0% respective EBITDA margins ⁽¹⁾ for the same periods last year. EBITDA ⁽¹⁾ by segment is reviewed in the "Business Segment Performance" section.

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Television	41,338	39,477	5%	88,796	82,566	8%
Radio	24,076	6,465	272%	41,270	17,004	143%
Outdoor Advertising	1,953	1,104	77%	9,284	6,111	52%
Corporate	(6,126)	(5,694)	8%	(12,522)	(11,269)	11%
EBITDA ⁽¹⁾	61,241	41,352	48%	126,828	94,412	34%
<i>EBITDA margin ⁽¹⁾</i>	<i>29.6%</i>	<i>27.6%</i>	<i>7%</i>	<i>31.3%</i>	<i>30.0%</i>	<i>4%</i>

Depreciation and Amortization

The total depreciation and amortization expense of \$6.1 million for the quarter and \$11.0 million for the six-month period increased by \$2.1 million and \$3.2 million respectively as compared to the same periods last year, emanating from the Radio segment (\$1.4 million and \$1.8 million), the Television segment (\$0.3 million and \$0.7 million), the Outdoor Advertising segment (\$0.3 million and \$0.5 million) and the Corporate (\$0.1 million and \$0.2 million). Any significant depreciation and amortization variances by segment are reviewed in the "Business Segment Performance" section.

(1) See "Supplementary Measures".

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

Interest

Interest expense includes mainly interest on the Company's long-term debt and imputed interest, net of interest income earned on cash, cash equivalents and short-term investments. Net interest for the three- and six-month periods ended February 29, 2008 shows an expense of \$11.6 million and \$15.1 million respectively, as compared to an income of \$0.8 million and \$2.0 million for the same periods last year. This change is mainly due to borrowings required as part of the financing of the Standard Acquisition, currently bearing an average interest rate of 5.1%, which accounted for \$10.7 million and \$14.5 million of interest expense in the three- and six-month periods ended February 29, 2008 respectively, compared with no interest expense in the same periods last year. In addition, imputed interest on other long-term liabilities amounted to \$0.7 million and \$1.0 million respectively for the three- and six-month periods ended February 29, 2008 as compared with no imputed interest for the same periods last year. Finally, lower interest income is mainly due to lower average cash, cash equivalents and short-term investments combined balances, as compared to last year, following the use of cash on hand as part of the financing for the Standard Acquisition. Interest rates relating to income earned on cash, cash equivalents and short-term investments in the first six months of Fiscal 2008 varied between 3.5% and 4.6%, as compared to 4.1% and 4.4% for the same period last year.

Income Taxes

On February 19, 2008, the British Columbia government enacted a decrease in the general corporate income tax rate from 12.0% to 11.0% effective July 1, 2008. On December 14, 2007, the Federal government enacted a decrease in the general corporate income tax rate from 22.12 % to 15.0 % to be phased in between January 1, 2008 and January 1, 2012. As a result, the Company was required to re-measure its future income tax assets and liabilities using the newly enacted corporate income tax rates, over which the Company has no control, taking into account the rates anticipated to be in effect when the related future income tax assets are realized or liabilities are settled. For the three- and six-month periods ended February 29, 2008, this resulted in a non-cash future income tax recovery of \$28.3 million (\$0.49 and \$0.51 per share respectively) recorded in the unaudited interim consolidated statement of earnings. This non-cash future income tax recovery is subject to the finalization of the purchase price allocation related to the Standard Acquisition.

Excluding this future income tax recovery, the effective income tax rates for the three- and six-month periods ended February 29, 2008 would have been 33.4% and 34.0% respectively, which is lower than the effective rates of 35.4% and 35.3% for the same periods last year due mainly to the Federal government decrease in the general corporate income tax rate described above. Effective rates for the three- and six-month periods ended February 29, 2008 are higher than the statutory rate of 32.6%, mainly due to the non-deductible stock-based compensation expense.

Net Earnings and Earnings per Share ("EPS")

The increase in net earnings and EPS compared to last year's corresponding periods is mainly explained by the impact of the Standard Acquisition, by the overall organic growth of the Company's business, and by the future income tax recovery recorded as a result of enacted reductions of income tax rates, as explained in the "Income Taxes" section. The growth of EPS is lower than the growth of net earnings, due to an increase of the weighted average number of shares outstanding, mainly as a result of shares issued as part of the financing of the Standard Acquisition, the conversion of restricted share units and the exercise of stock options, partially offset by shares repurchased under the Company's normal course issuer bids ⁽¹⁾.

(1) See "Financial Condition, Cash Flows and Liquidity".

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

BUSINESS SEGMENT PERFORMANCE

Television

(in thousands of \$)	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Pay-television subscribers – end of period (in thousands)	1,703	1,675	2%	1,703	1,675	2%
Revenues	118,727	114,965	3%	248,226	235,806	5%
Operating expenses	77,389	75,488	3%	159,430	153,240	4%
EBITDA ⁽¹⁾	41,338	39,477	5%	88,796	82,566	8%
Depreciation and amortization	1,984	1,697	17%	3,827	3,131	22%
	39,354	37,780	4%	84,969	79,435	7%
<i>EBITDA margins ⁽¹⁾</i>	34.8%	34.3%	1%	35.8%	35.0%	2%

The Television segment performed strongly in the three- and six-month periods ended February 29, 2008 mainly due to the growth of advertising sales. Revenue gains were 3% for the second quarter of Fiscal 2008 (1% on an organic basis ⁽²⁾) and 5% for the six-month period (3% on an organic basis ⁽²⁾). These increases resulted from the continuing expansion of digital distribution services, the Company's subscription-video-on-demand and high-definition service offerings, high-quality and exclusive programming, web initiatives and strong brand recognition.

Pay-television revenues (The Movie Network, Super Écran, Mpix and cinépop) increased by 2% in the second quarter of Fiscal 2008 and by 3% for the first six months, while the number of pay-television subscribers, as at February 29, 2008, increased by 2% year-over-year.

Specialty television advertising revenues increased by 12% for both the three- and six-month periods ended February 29, 2008 (7% and 8% respectively, on an organic basis ⁽²⁾), while specialty television subscriber revenue growth was 1% and 4% over last year's corresponding periods (flat and 1% respectively, on an organic basis ⁽³⁾). For the first five months of Fiscal 2008, the Canadian specialty television advertising market grew by an estimated 8% year-over-year while the overall Québec French-language television advertising market grew by an estimated 6% ⁽⁴⁾. The strong performance of Astral's specialty television networks is owed mainly to targeted made-to-measure original programming, favourable ratings, focused sales strategies and optimal inventory management. For the first six months of Fiscal 2008, the French-language specialty television's market share for the adult 25-54 age category grew by approximately 1%, while the conventional networks suffered a decrease of approximately 1% in the same age category ⁽⁵⁾. The Company's Television advertising revenues accounted for 22% and 21% of total Television revenues in the first six months of Fiscal 2008 and Fiscal 2007 respectively.

Television operating expenses were 3% higher than those of last year for the second quarter (-1% organically ⁽²⁾) and 4% over last year for the six-month period (flat organically ⁽²⁾), as a result of the acquisition of an additional 50% ownership interest in MusiquePlus.

(1) See "Supplementary Measures".

(2) Excluding the impact of the additional 50% ownership interest in MusiquePlus (see "Business Developments").

(3) Excluding the impact of the additional 50% ownership interest in MusiquePlus (see "Business Developments") and audit recoveries from distribution affiliates.

(4) TVB – Time Sales Survey – January 2008.

(5) BBM results, Québec francophone, cumulative average since August 27, 2007.

ASTRAL MEDIA INC. Management's Discussion and Analysis for the periods ended February 29, 2008 and February 28, 2007

The Television EBITDA margins ⁽¹⁾ of 34.8% for the quarter and 35.8% for the six-month period compare favourably with last year's EBITDA margins ⁽¹⁾ of 34.3% and 35.0% respectively for the same periods last year. Excluding the impact of the additional 50% ownership interest in MusiquePlus, the Television EBITDA margins ⁽¹⁾ would have been 35.5% and 36.4% respectively.

Due to the nature of the Company's activities, the depreciation and amortization expense in the Television segment is relatively stable from one year to another. The increase of \$0.3 million and \$0.7 million in Television's depreciation and amortization expense for the second quarter and for the six-month period of Fiscal 2008 is mainly due to the depreciation expense related to high-definition ("HD") television programming equipment acquired for the purpose of launching seven French-language HD channels on October 30, 2006, as well as the additional depreciation expense following the acquisition of an additional 50% ownership interest in MusiquePlus.

During the first quarter of Fiscal 2008, the Company launched two new specialty channels, Teletoon Retro on October 1, 2007 and Playhouse Disney on November 30, 2007. Teletoon Retro offers a selection of timeless cartoons for everyone who longs for the cartoon characters of their youth. Dedicated to offering exciting educational programming for developing toddlers, Playhouse Disney, a Family multiplex channel, presents exclusive first-run Disney programs and celebrated Canadian series in a commercial-free environment geared to fun and learning.

Radio

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Revenues	75,087	25,707	192%	124,282	56,806	119%
Operating expenses	51,011	19,242	165%	83,012	39,802	109%
EBITDA ⁽¹⁾	24,076	6,465	272%	41,270	17,004	143%
Depreciation and amortization	2,480	1,033	140%	3,903	2,058	90%
	21,596	5,432	298%	37,367	14,946	150%
<i>EBITDA margins ⁽¹⁾</i>	32.1%	25.1%	28%	33.2%	29.9%	11%

On October 29, 2007, Astral completed the acquisition of substantially all of the assets of Standard (see "Business Developments"). Astral Radio recorded revenue increases of 192% and 119% respectively in the three- and six-month periods ended February 29, 2008 due mainly to the inclusion of the results of operations of the assets acquired as part of the Standard Acquisition on October 29, 2007. Excluding the results of operations of these assets, Astral's radio stations recorded an organic revenue increase of 2% ⁽²⁾ for both the second quarter and the first six months of Fiscal 2008, while the overall corresponding market decreased by approximately 1% and 2% during the same periods.

Radio's operating expenses increased by 165% and 109% respectively for the three- and six-month periods ended February 29, 2008 due mainly to the inclusion of the results of operations of the assets acquired as part of the Standard Acquisition on October 29, 2007.

(1) See "Supplementary Measures".

(2) Excluding the impact of four months of operations of the assets acquired as part of the Standard Acquisition on October 29, 2007 (see "Business Developments").

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

This resulted in EBITDA ⁽¹⁾ increases of 272% and 143% respectively. Excluding the results of operations of these assets ⁽²⁾, Astral's radio stations recorded an organic EBITDA ⁽¹⁾ decrease of 1% for the second quarter of Fiscal 2008. For the six-month period ended February 29, 2008, organic EBITDA ⁽¹⁾ was equal to that of last year. Astral Media Radio's EBITDA margins ⁽¹⁾ of 32.1% and 33.2% for the second quarter and the six-month period of Fiscal 2008 respectively compare favourably with EBITDA margins ⁽¹⁾ of 25.1% and 29.9% for the same periods last year.

Due to the nature of the Company's activities, the depreciation and amortization expense in the Radio segment is relatively stable from one year to another. The depreciation and amortization increase of \$1.4 million and \$1.8 million for the three- and six-month periods ended February 29, 2008 respectively is mainly due to the impact of the Standard Acquisition.

Outdoor Advertising

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Revenues	13,133	9,191	43%	33,186	22,350	48%
Operating expenses	11,180	8,087	38%	23,902	16,239	47%
EBITDA ⁽¹⁾	1,953	1,104	77%	9,284	6,111	52%
Depreciation and amortization	1,326	1,043	27%	2,585	2,135	21%
	627	61	928%	6,699	3,976	68%
<i>EBITDA margins ⁽¹⁾</i>	<i>14.9%</i>	<i>12.0%</i>	<i>24%</i>	<i>28.0%</i>	<i>27.3%</i>	<i>3%</i>

The increase of revenues in the second quarter and the first six months of Fiscal 2008 is mainly due to the TSF which began on September 1, 2007 and to a strong performance in the Québec market where all of Outdoor's products registered revenue increases. The increase in operating expenses for the three- and six-month periods ended February 29, 2008 is mainly due to the TSF, to higher variable costs related to the increase of revenues for the same periods, and to the increase of rental costs resulting from new structures.

This resulted in EBITDA ⁽¹⁾ increases of \$0.8 million or 77% for the second quarter of Fiscal 2008 and of \$3.2 million or 52% for the six-month period. The depreciation and amortization expense increased by \$0.3 million and \$0.5 million for the three- and six-month periods ended February 29, 2008 due mainly to the acquisition of capital assets with respect to the TSF and to the addition of other advertising structures.

Corporate

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Corporate costs	(4,411)	(4,009)	10%	(9,417)	(8,349)	13%
Stock-based compensation	(1,715)	(1,685)	2%	(3,105)	(2,920)	6%
Corporate EBITDA ⁽¹⁾	(6,126)	(5,694)	8%	(12,522)	(11,269)	11%
Depreciation and amortization	(297)	(237)	25%	(651)	(481)	35%
	(6,423)	(5,931)	8%	(13,173)	(11,750)	12%

(1) See "Supplementary Measures".

(2) Excluding the impact of four months of operations of the assets acquired as part of the Standard Acquisition on October 29, 2007 (see "Business Developments").

ASTRAL MEDIA INC. Management's Discussion and Analysis for the periods ended February 29, 2008 and February 28, 2007

Total Corporate EBITDA ⁽¹⁾ charges increased by \$1.3 million for the six-month period ended February 29, 2008 as compared to the same period last year (increase of \$0.4 million for the current quarter). Of this amount, \$1.0 million is attributable to capital tax resulting from borrowings required as part of the financing of the Standard Acquisition (\$0.7 million for the quarter) and \$0.2 million due to increased non-cash stock-based compensation costs for grants made in the second quarter of Fiscal 2007 and 2008. The depreciation and amortization expense increases of \$0.1 million and \$0.2 million for the three- and six-month periods ended February 29, 2008 were due mainly to the higher acquisition of capital assets during the six-month period ended February 29, 2008 compared to the same period last year.

Quarterly Performance

Over the two most recent fiscal years, approximately 55% to 60% of the Company's annual revenues were subscriber-based revenues that do not vary significantly on a quarter-to-quarter basis. The remaining 40% to 45% consists mostly of advertising revenues that tend to follow seasonal patterns, with the second quarter being the least favourable. With the Standard Acquisition and the TSF, the Company expects these ratios to become approximately 45% to 50% derived from subscriber-based revenues and 50% to 55% from advertising revenues in the future.

Operating expenses are generally stable on a quarter-to-quarter basis as they tend to be incurred evenly over the year. The resulting quarterly EBITDA margins ⁽¹⁾ will therefore tend to vary on the basis of advertising revenue fluctuations. Quarterly performance should therefore be interpreted taking the above factors into consideration.

The following table highlights the quarterly performance of the Company's continuing operations for the past eight quarters, reflecting seasonal patterns and continuing year-over-year growth at all levels.

<i>(in thousands of \$ except for per-share data)</i>	2006		2007				2008	
	Q3	Q4 ⁽²⁾	Q1	Q2	Q3	Q4 ⁽²⁾	Q1	Q2 ⁽³⁾
Revenues	156,169	146,991	165,099	149,863	169,379	161,665	198,747	206,947
EBITDA ⁽¹⁾	54,236	50,342	53,060	41,352	58,277	55,160	65,587	61,241
Net earnings from continuing operations	33,223	29,165	32,649	24,628	35,867	33,981	37,536	28,995
EPS from continuing operations - basic	0.62	0.55	0.62	0.47	0.68	0.64	0.69	0.51
EPS from continuing operations - diluted	0.61	0.54	0.60	0.46	0.67	0.63	0.68	0.50
Net earnings	33,223	28,913	32,649	24,628	35,867	33,981	37,536	28,995
EPS-basic	0.62	0.55	0.62	0.47	0.68	0.64	0.69	0.51
EPS-diluted	0.61	0.54	0.60	0.46	0.67	0.63	0.68	0.50

(1) See "Supplementary Measures".

(2) Before the impact of future income tax rate changes (see "Income Taxes" and "Supplementary Measures" in the Company's 2007 Annual Report).

(3) Before the impact of future income tax rate changes (see "Income Taxes" and "Supplementary Measures").

ASTRAL MEDIA INC.
Management's Discussion and Analysis
for the periods ended February 29, 2008 and February 28, 2007

FINANCIAL CONDITION, CASH FLOWS AND LIQUIDITY

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Cash flow from operations ⁽¹⁾	41,740	30,813	88,345	66,299

<i>(in thousands of \$)</i>	February 29 2008	August 31 2007
Cash and cash equivalents	-	21,237
Short-term investments	-	51,128
Bank overdraft	(2,860)	-
Total cash and cash equivalents, and short-term investments (bank overdraft) ⁽¹⁾	(2,860)	72,365

The increase in cash flow from operations ⁽¹⁾, for both the three- and six-month periods, is attributable to increased earnings from operations mainly explained by the Standard Acquisition, by the additional 50% ownership interest in MusiquePlus and by the overall organic growth of the Company's business. The Company expects this trend to continue in Fiscal 2008. The combined balances of the Company's cash, cash equivalents and short-term investments decreased from \$72.4 million as at August 31, 2007 to a bank overdraft of \$2.9 million as at February 29, 2008. The decrease is attributable mainly to the use of cash on-hand of \$76.9 million as part of the consideration paid for the Standard Acquisition (see "Business Developments"), disbursements of \$16.9 million for the repurchase of shares under the Company's normal course issuer bids, dividend payments of \$14.4 million and disbursements of \$10.2 million for capital expenditures. This cash usage was partially offset by \$46.5 million of cash provided by the Company's operating activities in the first six months of Fiscal 2008.

The Company's financial condition is amongst the strongest in the industry. Cash flows from operating activities generate sufficient liquidities to cover its known operating and capital requirements, its renewed normal course issuer bid (see "Financing Activities"), its dividend payments (see "Financing Activities"), its debt service and its current and longer term commitments.

Significant balance sheet variations as at February 29, 2008, as compared to August 31, 2007, are mainly due to the impact of the assets and liabilities acquired under the Standard Acquisition. In addition, the increase of \$54.7 million in accounts receivable is also due to higher television advertising revenues in the second quarter of Fiscal 2008, as compared to the fourth quarter of Fiscal 2007. The increase of \$21.1 million in net current and long-term program and film rights is mainly due to differences in the timing of obligations related to the acquisition of program rights.

(1) See "Supplementary Measures".

ASTRAL MEDIA INC. Management's Discussion and Analysis for the periods ended February 29, 2008 and February 28, 2007

The Company's cash flows from operating, investing and financing activities are summarized in the following table:

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Cash flow from operating activities	28,965	19,903	46,506	41,841
Cash used for investing activities, excluding variation of short-term investments ⁽¹⁾	(4,809)	(3,532)	(914,313)	(53,376)
Cash provided by (used in) financing activities	(30,211)	(26,199)	792,582	(25,460)
Net change in cash, cash equivalents, and short-term investments ⁽¹⁾	(6,055)	(9,828)	(75,225)	(36,995)
Cash, cash equivalents and short-term investments – beginning of period ⁽¹⁾	3,195	86,519	72,365	113,686
Cash and cash equivalents (bank overdraft) – end of period	(2,860)	76,691	(2,860)	76,691

OPERATING ACTIVITIES

Cash provided by operating activities for the three- and six-month periods ended February 29, 2008 increased by \$9.1 million and \$4.7 million respectively, as compared to the same periods last year, due mainly to increased cash flow from operations of \$10.9 million for the quarter and \$22.0 million for the six-month period, mainly explained by the Standard Acquisition, by the additional 50% ownership interest in MusiquePlus and by the overall organic growth of the Company's business. This was partially offset by increased working capital requirements of \$1.9 million for the three-month period and \$17.4 million for the six-month period, mainly explained by higher acquisitions of program and film rights in the six-month period.

INVESTING ACTIVITIES

Cash used for investing activities during the three- and six-month periods ended February 29, 2008, excluding the variation of short-term investments ⁽¹⁾, increased by \$1.3 million and \$860.9 million respectively, as compared to last year's corresponding periods. The year-to-date increase is due essentially to the cash consideration paid for the Standard Acquisition (see "Business Developments") in the first quarter of Fiscal 2008. The remainder is due to higher capital expenditures as explained below.

Capital expenditures for the three- and six-month periods ended February 29, 2008 were \$5.1 million and \$10.2 million respectively, as compared to \$3.5 million and \$6.6 million spent in the same periods of Fiscal 2007. The most significant capital expenditures pertain to high-definition and other broadcasting equipment, outdoor advertising structures, TSF-related structures and computer hardware and software. The increase in capital expenditures as compared to the same periods last year is mainly explained by higher spending due to the impact of the Standard Acquisition and to TSF-related structures. Capital spending in Fiscal 2008 is estimated at \$36.0 million for the same types of assets, and also includes spending for street furniture equipment such as transit shelters, information pillars, benches, waste receptacles and other types of assets required to service the TSF. The following table details the capital expenditures by segment for the periods ended February 29, 2008 and February 28, 2007.

(1) See "Supplementary Measures".

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

<i>(in thousands of \$)</i>	3 months			6 months		
	2008	2007	% Change	2008	2007	% Change
Capital expenditures						
Television	1,699	1,887	-10%	4,218	3,417	23%
Radio	1,555	799	95%	2,467	1,482	66%
Outdoor Advertising	1,525	731	109%	3,002	1,526	97%
Corporate	361	115	214%	510	157	225%
Total capital expenditures	5,140	3,532	46%	10,197	6,582	55%

FINANCING ACTIVITIES

Cash used in financing activities during the three-month period ended February 29, 2008 increased by \$4.0 million compared to the same period last year due mainly to a higher dividend payment made in the second quarter of Fiscal 2008. Cash provided by financing activities during the six-month period of Fiscal 2008 increased by \$818.0 million compared to last year due mainly to borrowings of \$825.0 million by the Company under its new \$1.0 billion credit facility (see "Capital Structure") for the Standard Acquisition, partially offset by a higher dividend payment of \$3.9 million and financing costs of \$2.8 million.

On December 12, 2007, the normal course issuer bid that the Company announced on December 6, 2006 was concluded. During the 12-month term of the bid, the Company repurchased 186,700 Class A non-voting shares ("Class A shares") for a total cash consideration of \$7.7 million.

On December 5, 2007, the Company announced a further renewal of its normal course issuer bid to repurchase for cancellation up to 1,400,000 Class A shares and 71,400 Class B subordinate voting shares ("Class B Shares"), both quantities representing 2.6% of the outstanding shares of the Company as at November 30, 2007 for their respective class of shares. The share repurchase program is being conducted over a maximum period of 12 months which began on December 13, 2007. As at February 29, 2008, the Company had repurchased a total of 417,700 shares for total consideration of \$16.9 million.

On December 5, 2007, the Company also announced a 25% increase of its annual dividend payment from \$0.40 to \$0.50 per share, which will represent an additional annual outflow of approximately \$5.7 million.

CAPITAL STRUCTURE

With respect to the Standard Acquisition, the Company established a \$1.0 billion credit facility (the "Facility") with a syndicate of financial institutions (see Note 10 to the unaudited interim consolidated financial statements for the period ended February 29, 2008). The Facility has a five-year term, is fully guaranteed by the Company on an unsecured basis and has a prepayment option without penalty. Under the terms of the Facility, the Company has certain financial ratios to comply with and the Company has complied with all of these as at February 29, 2008. In addition, the Company has outstanding letters of credit totalling \$18.2 million as at February 29, 2008 and the Company's joint ventures have operating revolving credit facilities of \$5.0 million, which are renewable annually, in order to meet their current operating requirements.

Borrowings under the Company's Facility are subject to interest rate fluctuations. To manage the volatility relating to this exposure, the Company is party to derivative financial instruments. These derivative financial instruments are used to manage interest-rate risks on bank debt (see Note 10 to the unaudited interim consolidated financial statements for the period ended February 29, 2008). During the third quarter of Fiscal 2007, the Company entered into interest-rate swap and interest-rate cap agreements to hedge its exposure on interest rate fluctuations. During the first quarter of Fiscal

ASTRAL MEDIA INC. Management's Discussion and Analysis for the periods ended February 29, 2008 and February 28, 2007

2008, these derivative financial instruments were terminated and replaced by a new interest-rate swap agreement on October 29, 2007 to hedge the same exposure (the "New Agreement"). Upon termination of the initial interest-rate swap and interest-rate cap agreements, their combined fair market value was \$0.1 million in the Company's favour and this gain has been included as a reduction of the interest rate relating to the New Agreement. The New Agreement is based on an initial nominal amount of \$750.0 million which is being reduced periodically, based on a predetermined estimated repayment schedule, until its maturity on May 29, 2012. Under the New Agreement, the Company is currently paying an interest rate of 5.2%.

The Company elected to apply cash flow hedge accounting on this derivative financial instrument. For the three- and six-month periods ended February 29, 2008, the application of this accounting treatment did not have a significant impact on the unaudited interim consolidated statements of earnings. Based on the current market value of the derivative financial instrument, an unrealized loss of \$15.9 million (\$11.6 million net of income taxes) has been recorded in the unaudited interim consolidated balance sheet as at February 29, 2008, and in the unaudited interim consolidated statements of comprehensive income for the three- and six-month periods then ended.

As at February 29, 2008, the Company's capital structure consisted of shareholders' equity in the amount of \$1.3 billion and borrowings under the Facility in the amount of \$825.0 million. As at February 29, 2008, there were no off-balance sheet liabilities. The number of outstanding shares of the Company increased from a total of 52.6 million shares at the end of Fiscal 2007 to 57.1 million shares as at February 29, 2008 due to the issuance of 4.8 million of shares as part of the consideration paid for the Standard Acquisition, the conversion of restricted share units and the exercise of stock options, partially offset by shares repurchased under the Company's normal course issuer bids. The following table presents additional share information:

Outstanding as at:	March 31 2008	February 29 2008	August 31 2007
Class A shares	54,325,433	54,342,283	49,777,203
Class B shares	2,788,022	2,788,022	2,792,022
Special shares	65,000	65,000	65,000
Employee stock options	3,165,997	3,170,011	2,979,397
Restricted share units	331,200	331,200	317,422

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations have changed from those described in the Company's 2007 Annual Report mainly due to the Standard Acquisition:

<i>(in thousands of \$)</i>	Payments due in Fiscal:				Total
	2008	2009/10	2011/12	2013 and after	
Operating leases ⁽¹⁾	18,468	61,754	63,399	453,754	597,375
Other long-term obligations	-	40,528	17,136	34,693	92,357
Total	18,468	102,282	80,535	488,447	689,732

(1) Including the amounts guaranteed under the TSF.

ASTRAL MEDIA INC.
Management's Discussion and Analysis
for the periods ended February 29, 2008 and February 28, 2007

BUSINESS DEVELOPMENTS

On October 29, 2007, the Company completed the acquisition of substantially all of the assets of Standard consisting of 53 radio stations in 30 markets across Canada, as well as two television stations located in northern British Columbia. Also included in the transaction are the assets of Integrated Media Sales or "IMS", a national advertising sales organization, and of Sound Source Networks, a radio content service provider. The purchase price for the Standard Acquisition is \$1.08 billion, excluding \$27.1 million of working capital and other post-closing adjustments, of which \$2.8 million was unpaid at period end, and \$4.9 million of acquisition costs. The \$1.08 billion consideration comprises an amount of \$879.9 million in cash and 4,750,987 Class A non-voting shares of the Company, which are valued at \$202.5 million on the basis of the market price of the shares on announcing the agreement on April 12, 2007. The cash consideration was financed with cash on-hand at the time of the closing of the transaction, and with \$825.0 million of bank debt (see Note 10 to the unaudited interim consolidated financial statements for the period ended February 29, 2008). The working capital purchase price adjustment remains subject to customary post-closing adjustments. The Company is finalizing the allocation of the purchase price to the fair value of the assets acquired and the liabilities assumed, including the fair value of assets and obligations related to the defined benefit pension plan and non-pension post-retirement benefit plan assumed as part of the transaction. Under the terms of the agreement regarding the Standard Acquisition, these plans will be transferred to the Company on a fully-funded basis. Even though the majority of the total consideration should be allocated to broadcast licences and goodwill, the allocation of the purchase price remains subject to refinement.

Standard's assets acquired, liabilities assumed and results of operations are consolidated since the closing of the transaction, effective October 29, 2007 and represent, along with the additional 50% ownership interest in MusiquePlus acquired on June 30, 2007, Astral's non-organic results from operations for the three- and six-month periods ended February 29, 2008.

On February 20, 2008, the Company announced the launch of a new radio station in Regina, CHBD-FM Big Dog 92.7, which will be dedicated to country music. With the addition of this radio station, the Company enlarged its footprint to the province of Saskatchewan and now has activities in eight Canadian provinces.

On October 14, 2005, the Copyright Board of Canada issued a decision setting the amount of royalties that commercial radio stations are required to pay to the Society of Composers, Authors, and Music Publishers of Canada and to the Neighbouring Rights Collective of Canada for the use of music (the "SOCAN/NRCC decision"). On October 19, 2006, the Federal Court of Appeal set aside the SOCAN/NRCC decision and ordered that the matter be referred back to the Copyright Board for its reconsideration. The Copyright Board heard the matter in June 2007 and on February 22, 2008 issued its decision with respect to this matter by maintaining the rates that were set in October 2005. This decision has no significant effect on the financial results of the Company as it has been paying the appropriate rates since September 1, 2006 and as the retroactive portion of the rate increases has been fully accrued for in a prior fiscal year.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

RISKS, UNCERTAINTIES AND OPPORTUNITIES

The Company's risks, uncertainties and opportunities have not materially changed from those described in the Company's 2007 Annual Report, except for the addition of the following:

Astral has recently made an important acquisition (see "Business Developments") and may consider making other strategic acquisitions in the future. In addition, there could be difficulties in integrating the operations of any acquired or new businesses with Astral's existing operations. An integration process may result in significant challenges, and management may be unable to accomplish such integration successfully. In order to properly plan for and execute such integration, management prepares integration plans with a list of initiatives, dates of execution, costs associated and expected synergies.

ACCOUNTING MATTERS

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The Company's significant accounting policies are presented in Note 1 to the audited consolidated financial statements for the year ended August 31, 2007.

NEW ACCOUNTING POLICIES

The Company's accounting policies were unchanged in the first six months of Fiscal 2008, except for the adoption of new accounting policies on Comprehensive Income, Financial Instruments, Hedges and Accounting Changes.

Comprehensive Income, Financial Instruments and Hedges

Effective September 1, 2007, the Company adopted, retroactively without restatement of prior period amounts, the following Canadian Institute of Chartered Accountants' ("CICA") recommendations:

- i) Section 1530, *Comprehensive Income*, introduces a new financial statement which shows the change in a company's net assets that results from transactions, events and circumstances from non-shareholder sources.
- ii) Section 3855, *Financial Instruments — Recognition and Measurement*, establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This new standard lays out how financial instruments are to be recognized depending on their classification. Depending on the financial instruments' classification, subsequent changes in measurements are recognized in net earnings or comprehensive income.
- iii) Section 3861, *Financial Instruments — Disclosure and Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the related information that should be disclosed.

Upon adoption of these recommendations, the Company has chosen to add all transaction costs to the carrying amounts of the related financial assets and liabilities, other than those related to financial assets and liabilities held for trading, on the unaudited interim consolidated balance sheet and has implemented the following classification:

- Cash and cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through the unaudited interim consolidated statements of earnings at each period end.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

- Short-term investments are classified as "Held-to-maturity Investments". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method through the unaudited interim consolidated statements of earnings. For the Company, the measured amount generally approximates the fair value.
- Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, these financial assets are measured at amortized cost using the effective interest rate method through the unaudited interim consolidated statements of earnings. For the Company, the measured amount generally approximates the fair value.
- The bank overdraft, accounts payable, short-term and long-term program and film rights payable, long-term debt, other long-term liabilities and liabilities of discontinued operations are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method through the unaudited interim consolidated statements of earnings. For the Company, the initial measured amount generally approximates the fair value for all short-term payables and for the floating rate long-term debt, and represents the discounted cash flows of future estimated cash payments for all other long-term payables.

On September 1, 2007, the Company also adopted, retroactively without restatement of prior period amounts, Section 3865, *Hedges*, which application is optional and establishes how hedge accounting may be applied. In accordance with its risk management strategy, the Company uses derivative financial instruments to manage its interest rate exposures in connection with its bank credit facility (see Note 10 to the unaudited interim consolidated financial statements for the period ended February 29, 2008). As of September 1, 2007, the derivative financial instruments consist of interest-rate swap and interest-rate cap agreements. The Company has elected to apply hedge accounting for these agreements and treats these derivative financial instruments as cash flow hedges. Under cash flow hedge accounting, derivative financial instruments are marked-to-market at each period end and unrealized gains or losses are recognized in the unaudited interim consolidated statements of comprehensive income to the extent the hedging relationship is effective. Net payments due or receivable in connection with the derivative financial instruments are recorded as adjustments to interest expense on long-term debt in the unaudited interim consolidated statements of earnings.

The Company formally documents and assesses the nature of any relationship between a hedging instrument and a hedged item, both at the hedge's inception and on an ongoing basis. The Company also documents and assesses whether a derivative financial instrument that is used in a hedging transaction is effective in offsetting changes in the fair value or cash flows of a hedged item. The Company does not use derivative financial instruments for trading or speculative purposes.

A hedging relationship is terminated if the hedge ceases to be effective, at which time any unrealized gain or loss on the derivative financial instrument is recognized in the unaudited interim consolidated statements of earnings over the period ending when the related hedged item ceases to exist. Subsequently, the related derivative financial instrument is recorded at fair value on the unaudited interim consolidated balance sheets and changes in its fair value are recognized in the unaudited interim consolidated statements of earnings.

For the Company, the adoption of these recommendations had no impact on the opening balance sheet, other than on derivative financial instruments designated as cash flow hedges. The Company has recorded a \$3.9 million unrealized gain (net of incomes taxes of \$1.7 million) in the opening balance of accumulated other comprehensive income with respect to the interest-rate swap and interest-rate cap agreements designated as cash flow hedges held upon adoption of these recommendations. For the three and six-month periods ended February 29, 2008, the adoption of these recommendations did not have a significant impact on the unaudited interim consolidated statement of earnings.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

Accounting Changes

On September 1, 2007, the Company adopted the CICA's recommendations of Section 1506 *Accounting Changes*. The main changes under these recommendations include the following:

- An entity would be permitted to change an accounting policy only when it is required by a primary source of GAAP, or when the change results in a more reliable and relevant presentation in the financial statements;
- Changes in accounting policies should be applied retroactively, except in cases where specific transitional provisions in a primary source of GAAP permit otherwise, or where application to comparative information is impractical;
- Expanded disclosure regarding the effects of changes in accounting policies and estimates, and of error corrections on the financial statements; and,
- Disclosure of new primary sources of GAAP that have been issued but have not yet come into effect and have not yet been adopted by the entity.

RECENT ACCOUNTING PRONOUNCEMENTS

The Company believes that the following future CICA recommendations will have an impact on the Company's future financial statements :

- i. The CICA has issued Section 3862 of the *CICA Handbook, Financial Instruments - Disclosures* and Section 3863 *Financial Instruments – Presentation*, which replace Section 3861. These new sections increase the emphasis on disclosure about risks associated with both recognized and unrecognized financial instruments and how these risks are managed.
- ii. Section 1535 of the *CICA Handbook, Capital Disclosure* was also issued and requires disclosure of information about the entity's objectives, policies and processes for managing capital, as well as quantitative data about capital and whether the entity has complied with any externally imposed capital requirements.
- iii. Section 3064 of the *CICA Handbook, Goodwill and Intangible Assets* was issued and replaced Section 3062, *Goodwill and other Intangible Assets*, and Section 3450, *Research and Development*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

The Company is required to apply Sections 3862, 3863 and 1535 in Fiscal 2009 and will then accordingly report all additional disclosure required in its future consolidated financial statements.

The Company is required to apply Section 3064 in Fiscal 2010. Following the application of this section, the Company will no longer be permitted to capitalize pre-operating costs or other internally developed assets if specific criteria are not met. The Company will assess the impact of this section's application in Fiscal 2009.

On February 13, 2008, the Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company will thus apply IFRS in Fiscal 2012 and until then, it will monitor and analyze all changes that will result from this transition.

ASTRAL MEDIA INC.

Management's Discussion and Analysis

for the periods ended February 29, 2008 and February 28, 2007

INTER-COMPANY AND RELATED-PARTY TRANSACTIONS

Inter-company and related-party transactions and balances between companies and divisions owned by the Company are eliminated upon consolidation for subsidiaries and on a pro rata basis for joint ventures. There are no other significant related-party transactions to report.

SUPPLEMENTARY MEASURES

In addition to discussing earnings measures in accordance with GAAP, this MD&A provides the following supplementary measures which are also factors used by management in monitoring and evaluating the performance of the Company and its business segments:

EBITDA (earnings before interest, taxes, depreciation and amortization) is provided to assist investors in determining the ability of the Company to generate cash from operating activities and to cover financial charges. It is also an indicator widely used for business valuation purposes. EBITDA margin is defined as the ratio obtained by dividing EBITDA by revenues.

The following table reconciles GAAP measures disclosed in the unaudited interim consolidated statements of earnings for the periods ended February 29, 2008 and February 28, 2007 to EBITDA:

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Earnings before income taxes	43,524	38,127	100,753	88,566
Depreciation and amortization	6,087	4,010	10,966	7,805
Interest expense (income), net	11,630	(785)	15,109	(1,959)
EBITDA	61,241	41,352	126,828	94,412

Net earnings and earnings per share before the impact of future income tax rate changes. These measures provide an indication of the Company's ability to generate earnings and cash flows from its ongoing operations, by excluding the impact of the non-cash future income tax recovery or expense resulting from income tax rate changes over which the Company has no control.

The following tables reconcile GAAP measures disclosed in the unaudited interim consolidated statements of earnings for the periods ended February 29, 2008 and February 28, 2007 to net earnings and earnings per share, before the impact of future income tax rate changes.

ASTRAL MEDIA INC.
Management's Discussion and Analysis
for the periods ended February 29, 2008 and February 28, 2007

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Net earnings	57,254	24,628	94,790	57,277
Impact of future income tax rate changes	(28,259)	-	(28,259)	-
Net earnings before the impact of future income tax rate changes	28,995	24,628	66,531	57,277

<i>(in dollars)</i>	3 months		6 months	
	2008	2007	2008	2007
Basic earnings per share	1.00	0.47	1.70	1.08
Impact of future income tax rate changes	(0.49)	-	(0.51)	-
Basic earnings per share before the impact of future income tax rate changes	0.51	0.47	1.19	1.08

Cash flow from operations is defined as cash flow from operating activities before the net change in non-cash operating items. This measure provides an indication of the Company's ability to generate cash flows without considering certain timing and other factors causing variations in non-cash items.

The following table reconciles GAAP measures disclosed in the unaudited interim consolidated statements of cash flows for the periods ended February 29, 2008 and February 28, 2007 to cash flow from operations:

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Cash flow from operating activities	28,965	19,903	46,506	41,841
Net change in non-cash operating items	12,775	10,910	41,839	24,458
Cash flow from operations	41,740	30,813	88,345	66,299

ASTRAL MEDIA INC. Management's Discussion and Analysis for the periods ended February 29, 2008 and February 28, 2007

Cash used for investing activities, excluding net variation of short-term investments provides an indication of the Company's use of cash flows for the acquisition of long-term assets. Also, the Company does not consider the variation of short-term investments as investing activities as they can be cashed on demand to meet future financial obligations.

The following table reconciles GAAP measures disclosed in the unaudited interim consolidated statements of cash flows for the periods ended February 29, 2008 and February 28, 2007 to cash used for investing activities, excluding variation of short-term investments:

<i>(in thousands of \$)</i>	3 months		6 months	
	2008	2007	2008	2007
Cash used for investing activities	(4,809)	(3,532)	(863,185)	(8,602)
Net variation of short-term investments	-	-	(51,128)	(44,474)
Cash used for investing activities, excluding net variation of short-term investments	(4,809)	(3,532)	(914,313)	(53,076)

The above supplementary measures do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. The President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer of the Company have evaluated the design of the Company's ICFR as at February 29, 2008 and believe the design to be sufficient to provide such reasonable assurance.

On October 29, 2007, the Company completed the acquisition of substantially all of the assets of Standard Radio Inc. The documentation and evaluation of the design of existing internal controls over financial reporting as per National Instrument 52-109 is still underway. On October 29, 2007, all individuals who became Astral employees following the Standard Acquisition received the Company's Corporate Guide to Ethical Business Conduct. The documentation and evaluation of internal controls are progressing normally. In the upcoming quarters, management will complete its review of the design of ICFR for the newly acquired business.

The President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer have also evaluated whether there were changes in the Company's ICFR in the quarter ended February 29, 2008, that have materially affected, or are reasonably likely to materially affect, its ICFR. No such changes were identified through their evaluation.

ASTRAL MEDIA INC.

**Notice of Disclosure of Non-auditor Review of Interim Financial Statements
for the periods ended February 29, 2008 and February 28, 2007**

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company for the interim periods ended February 29, 2008 and February 28, 2007, have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

The Company's independent auditors, Ernst & Young LLP, have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Dated this 14th day of April, 2008.

ASTRAL MEDIA INC.

Interim Consolidated Statements of Earnings

for the periods ended February 29, 2008 and February 28, 2007

(in thousands of Canadian dollars except for per-share data)

(unaudited)

	Notes	3 months		6 months	
		2008	2007	2008	2007
Revenues		\$ 206,947	\$ 149,863	\$ 405,694	\$ 314,962
Operating expenses		145,706	108,511	278,866	220,550
		61,241	41,352	126,828	94,412
Depreciation		5,719	3,924	10,412	7,601
Amortization of intangible assets		368	86	554	204
Interest expense (income), net	4	11,630	(785)	15,109	(1,959)
Earnings before income taxes		43,524	38,127	100,753	88,566
Income tax provision before undernoted	3	14,529	13,499	34,222	31,289
Future income tax recovery resulting from					
income tax rate changes	3	(28,259)	-	(28,259)	-
		(13,730)	13,499	5,963	31,289
Net earnings		\$ 57,254	\$ 24,628	\$ 94,790	\$ 57,277
Earnings per share	11				
- Basic		\$ 1.00	\$ 0.47	\$ 1.70	\$ 1.08
- Diluted		\$ 0.98	\$ 0.46	\$ 1.66	\$ 1.06
Weighted average number of shares					
outstanding – basic	11	57,356	52,671	55,812	52,823

See accompanying notes.

ASTRAL MEDIA INC.
Interim Consolidated Statements of Cash Flows
for the periods ended February 29, 2008 and February 28, 2007
(in thousands of Canadian dollars)
(unaudited)

	Notes	3 months		6 months	
		2008	2007	2008	2007
Cash and cash equivalents provided by (used for):					
OPERATING ACTIVITIES					
Net earnings		\$ 57,254	\$ 24,628	\$ 94,790	\$ 57,277
Non-cash charges (credits):					
Depreciation and amortization		6,087	4,010	10,966	7,805
Stock-based compensation	11	1,715	1,685	3,105	2,920
Future income tax expense (recovery) before undernoted	3	4,011	490	6,480	(1,703)
Future income tax recovery resulting from income tax rate changes	3	(28,259)	–	(28,259)	–
Imputed interest on other long-term liabilities	4	755	–	1,031	–
Amortization of deferred financing costs	4	177	–	232	–
		41,740	30,813	88,345	66,299
Net change in non-cash operating items	5	(12,775)	(10,910)	(41,839)	(24,458)
Cash flow from operating activities		28,965	19,903	46,506	41,841
INVESTING ACTIVITIES					
Short-term investments - cashed		–	–	51,128	44,774
Additions to property, plant and equipment		(5,140)	(3,532)	(10,197)	(6,582)
Business acquisition, net of cash acquired	2	331	–	(904,116)	(46,794)
		(4,809)	(3,532)	(863,185)	(8,602)
FINANCING ACTIVITIES					
Deferred financing costs	10	(162)	–	(2,835)	–
Increase in long-term debt	10	–	–	825,000	–
Shares repurchased	11	(16,637)	(16,555)	(16,885)	(16,555)
Stock options exercised		977	893	1,695	1,636
Dividends		(14,389)	(10,537)	(14,393)	(10,541)
		(30,211)	(26,199)	792,582	(25,460)
Net change in cash and cash equivalents		(6,055)	(9,828)	(24,097)	7,779
Cash and cash equivalents – beginning of period		3,195	86,519	21,237	68,912
Cash and cash equivalents, and bank overdraft – end of period		\$ (2,860)	\$ 76,691	\$ (2,860)	\$ 76,691

See accompanying notes and supplementary cash flow information (Note 5).

ASTRAL MEDIA INC.
Interim Consolidated Balance Sheets as at
(in thousands of Canadian dollars)

	<u>Notes</u>	February 29, 2008 <i>(unaudited)</i>	August 31, 2007
ASSETS			
Current			
Cash and cash equivalents		\$ -	\$ 21,237
Short-term investments		-	51,128
Accounts receivable		151,714	96,995
Program and film rights		72,877	72,791
Prepaid expenses and other current assets		22,877	18,331
		<u>247,468</u>	<u>260,482</u>
Program and film rights		70,902	58,854
Other non-current assets		48,807	49,088
Property, plant and equipment		115,402	83,367
Broadcast licences	8	1,967,297	950,698
Goodwill	9	192,628	116,016
Future income tax assets		27,293	8,549
		<u>\$ 2,669,797</u>	<u>\$ 1,527,054</u>
LIABILITIES			
Current			
Bank overdraft		\$ 2,860	\$ -
Accounts payable and accrued liabilities		103,499	83,160
Income taxes payable		9,017	19,501
Program and film rights payable		61,359	70,325
Future income tax liabilities		2,339	3,246
		<u>179,074</u>	<u>176,232</u>
Long-term debt	10	821,731	-
Future income tax liabilities		245,158	267,240
Other non-current liabilities		92,357	26,673
Derivative financial instruments	15	15,850	-
Liabilities of discontinued operations		1,703	2,183
SHAREHOLDERS' EQUITY			
Capital stock	11	763,240	561,589
Contributed surplus	12	11,446	11,645
Retained earnings		550,839	481,492
Accumulated other comprehensive income	1, 13	(11,601)	-
		<u>539,238</u>	<u>481,492</u>
		<u>1,313,924</u>	<u>1,054,726</u>
		<u>\$ 2,669,797</u>	<u>\$ 1,527,054</u>

See accompanying notes.

ASTRAL MEDIA INC.

**Interim Consolidated Statements of Retained Earnings
for the periods ended February 29, 2008 and February 28, 2007**

(in thousands of Canadian dollars)

(*unaudited*)

	<u>Notes</u>	<u>3 months</u>		<u>6 months</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Retained earnings – beginning of period		\$ 518,843	\$ 414,154	\$ 481,492	\$ 388,691
Net earnings		57,254	24,628	94,790	57,277
Dividends		(14,389)	(10,537)	(14,393)	(10,541)
Shares repurchased – excess of purchase price over carrying value	11	(10,869)	(4,657)	(11,050)	(11,839)
Retained earnings – end of period		\$ 550,839	\$ 423,588	\$ 550,839	\$ 423,588

See accompanying notes.

**Interim Consolidated Statements of Comprehensive Income
for the periods ended February 29, 2008 and February 28, 2007**

(in thousands of Canadian dollars)

(*unaudited*)

	<u>Notes</u>	<u>3 months</u>		<u>6 months</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net earnings		\$ 57,254	\$ 24,628	\$ 94,790	\$ 57,277
Other comprehensive income					
Change in fair value of derivatives designated as cash flow hedges (net of income taxes of \$2.5 million and \$6.0 million respectively)		(7,585)	–	(15,508)	–
Gains and losses in prior periods on derivatives accounted for as cash flow hedges transferred to net earnings in the period		11	–	11	–
Comprehensive income		\$ 49,680	\$ 24,628	\$ 79,293	\$ 57,277

See accompanying notes.

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

1. ACCOUNTING POLICIES

a) Basis of Presentation

The unaudited interim consolidated financial statements of Astral Media Inc. ("Astral" or the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception that they do not include all disclosure required for annual financial statements. They should be read in conjunction with the audited consolidated financial statements and related notes and the Management's Discussion and Analysis ("MD&A") contained in the Company's 2007 Annual Report as well as the MD&A for the three- and six-month periods ended February 29, 2008 and February 28, 2007. The accounting policies are consistent with those used in preparing the audited consolidated financial statements for the year ended August 31, 2007, with the exception of the changes described below. All amounts are expressed in Canadian dollars.

Certain comparative figures have been reclassified to conform with the basis of presentation adopted in Fiscal 2008.

b) Comprehensive Income, Financial Instruments and Hedges

Effective September 1, 2007, the Company adopted, retroactively without restatement of prior period amounts, the following Canadian Institute of Chartered Accountants' ("CICA") recommendations:

- i) Section 1530, *Comprehensive Income*, introduces a new financial statement which shows the change in a company's net assets arising from transactions, events and circumstances from non-shareholder sources.
- ii) Section 3855, *Financial Instruments — Recognition and Measurement*, establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This new standard lays out how financial instruments are to be recognized depending on their classification. Depending on the financial instruments' classification, subsequent changes in measurements are recognized in net earnings or comprehensive income.
- iii) Section 3861, *Financial Instruments — Disclosure and Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the related information that should be disclosed.

Upon adoption of these recommendations, the Company has chosen to add all transaction costs to the carrying amounts of the related financial assets and liabilities, other than those related to financial assets and liabilities held for trading, on the interim consolidated balance sheet and has implemented the following classification:

- Cash and cash equivalents are classified as "Financial Assets Held for Trading". These financial assets are marked-to-market through the interim consolidated statements of earnings at each period end.
- Short-term investments are classified as "Held-to-maturity Investments". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method through the interim consolidated statements of earnings. For the Company, the measured amount generally approximates the fair value.
- Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, these financial assets are measured at amortized cost using the effective interest rate method through the interim consolidated statements of earnings. For the Company, the measured amount generally approximates the fair value.

ASTRAL MEDIA INC.

Notes to Interim Consolidated Financial Statements

for the periods ended February 29, 2008 and February 28, 2007

(unaudited)

- The bank overdraft, accounts payable, short-term and long-term program and film rights payable, long-term debt, other long-term liabilities and liabilities of discontinued operations are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method through the interim consolidated statements of earnings. For the Company, the initial measured amount generally approximates the fair value for all short-term payables and for the floating rate long-term debt, and represents the discounted cash flows of future estimated cash payments for all other long-term payables.

On September 1, 2007, the Company also adopted, retroactively without restatement of prior period amounts, Section 3865, *Hedges*, which application is optional and establishes how hedge accounting may be applied. In accordance with its risk management strategy, the Company uses derivative financial instruments to manage its interest rate exposures in connection with its bank credit facility (see Note 10). As of September 1, 2007, the derivative financial instruments consisted of interest-rate swap and interest-rate cap agreements. The Company has elected to apply hedge accounting for these agreements and treats these derivative financial instruments as cash flow hedges. Under cash flow hedge accounting, derivative financial instruments are marked-to-market at each period end and unrealized gains or losses are recognized in the interim consolidated statements of comprehensive income to the extent the hedging relationship is effective. Net payments due or receivable in connection with the derivative financial instruments are recorded as adjustments to interest expense on long-term debt in the interim consolidated statements of earnings.

The Company formally documents and assesses the nature of any relationship between a hedging instrument and a hedged item, both at the hedge's inception and on an ongoing basis. The Company also documents and assesses whether a derivative financial instrument that is used in a hedging transaction is effective in offsetting changes in the fair value or cash flows of a hedged item. The Company does not use derivative financial instruments for trading or speculative purposes.

A hedging relationship is terminated if the hedge ceases to be effective, at which time any unrealized gain or loss on the derivative financial instrument is recognized in the interim consolidated statements of earnings over the period ending when the related hedged item ceases to exist. Subsequently, the related derivative financial instrument is recorded at fair value on the interim consolidated balance sheets and changes in its fair value are recognized in the interim consolidated statements of earnings.

For the Company, the adoption of these recommendations had no impact on the opening balance sheet, other than on derivative financial instruments designated as cash flow hedges. The Company has recorded a \$3.9 million unrealized gain (net of incomes taxes of \$1.7 million) in the opening balance of accumulated other comprehensive income (see Note 13) with respect to the interest-rate swap and interest-rate cap agreements designated as cash flow hedges held upon adoption of these recommendations. For the three- and six-month periods ended February 29, 2008, the adoption of these recommendations did not have a significant impact on the interim consolidated statement of earnings.

c) Accounting Changes

On September 1, 2007, the Company adopted the CICA's recommendations of Section 1506, *Accounting Changes*. The main changes under these recommendations include the following:

- An entity would be permitted to change an accounting policy only when it is required by a primary source of GAAP, or when the change results in a more reliable and relevant presentation in the financial statements;
- Changes in accounting policies should be applied retroactively, except in cases where specific transitional provisions in a primary source of GAAP permit otherwise, or where application to comparative information is impractical;
- Expanded disclosure regarding the effects of changes in accounting policies and estimates, and of error corrections on the financial statements; and,
- Disclosure of new primary sources of GAAP that have been issued but have not yet come into effect and have not yet been adopted by the entity.

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

d) Future Accounting Changes

The Company believes that the following future CICA recommendations will have an impact on the Company's future financial statements:

- i. The CICA has issued Section 3862 of the *CICA Handbook, Financial Instruments - Disclosures* and Section 3863, *Financial Instruments – Presentation*, which replace Section 3861. These new sections increase the emphasis on disclosure about risks associated with both recognized and unrecognized financial instruments and how these risks are managed.
- ii. Section 1535 of the *CICA Handbook, Capital Disclosure* was issued and requires disclosure of information about the entity's objectives, policies and processes for managing capital, as well as quantitative data about capital and whether the entity has complied with any externally imposed capital requirements.
- iii. Section 3064 of the *CICA Handbook, Goodwill and Intangible Assets* was issued and replaced Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development*. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

The Company is required to apply Sections 3862, 3863 and 1535 in Fiscal 2009 and will then accordingly report all additional disclosure required in its consolidated financial statements.

The Company is required to apply Section 3064 in Fiscal 2010. Following the application of this section, the Company will no longer be permitted to capitalize pre-operating costs or other internally developed assets if specific criteria are not met. The Company will assess the impact of this section's application in Fiscal 2009.

On February 13, 2008, the Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required, for fiscal years beginning on or after January 1, 2011, for publicly accountable profit-oriented enterprises. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company will thus apply IFRS in Fiscal 2012 and until then, it will monitor and analyze all changes that will result from this transition.

2. BUSINESS ACQUISITIONS

On October 29, 2007, the Company completed the acquisition of substantially all of the assets of Standard Radio Inc. ("Standard") consisting of 53 radio stations in 30 markets across Canada, as well as two television stations located in northern British Columbia. Also included in the transaction are the assets of Integrated Media Sales or "IMS", a national advertising sales organization, and of Sound Source Networks, a radio content service provider (the "Standard Acquisition"). The purchase price for the Standard Acquisition is \$1.08 billion, excluding \$27.1 million of working capital and other post-closing adjustments, of which \$2.8 million was unpaid at period end, and \$4.9 million of acquisition costs. The \$1.08 billion consideration comprises an amount of \$879.9 million in cash and 4,750,987 Class A non-voting shares of the Company, which are valued at \$202.5 million on the basis of the market price of the shares on announcing the agreement on April 12, 2007. The cash consideration was financed with cash on-hand at the time of the closing of the transaction, and with \$825.0 million of bank debt (see Note 10). The working capital purchase price adjustment remains subject to customary post-closing adjustments. The Company is finalizing the allocation of the purchase price to the fair value of the assets acquired and the liabilities assumed, including the fair value of assets and obligations related to the defined benefit pension plan and non-pension post-retirement benefit plan assumed as part of the transaction. Under the terms of the agreement regarding the Standard Acquisition, these plans will be transferred to the Company on a fully-funded basis. Though the majority of the total consideration should be allocated to broadcast licences and goodwill, the allocation of the purchase price remains subject to refinement. During the three-month period ended February 29, 2008, the Company modified the preliminary purchase price allocation presented in the interim consolidated financial statements for the three months ended November 30, 2007. The modifications consist mainly of increases of the working capital and of the future income tax assets. The assets acquired, liabilities assumed and results of operations are consolidated since the closing of the transaction, effective October 29, 2007.

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

During the first quarter ended November 30, 2006, the Company completed the acquisition of an additional 10% ownership interest in TELETOON Canada Inc. ("TELETOON") for a cash consideration of \$49.7 million, excluding \$0.3 million of acquisition costs. The transaction increased the Company's shareholding in TELETOON from 40% to 50%. The assets acquired, liabilities assumed and results of operations are proportionately consolidated since TELETOON remains a joint venture under joint control.

Details of the business acquisitions, accounted for by using the purchase method, are as follows:

<i>(in thousands)</i>	2008 Standard	2007 TELETOON
Assets acquired:		
Cash and cash equivalents	\$ 331	\$ 3,093
Accounts receivable	44,497	1,464
Program and film rights – current	–	2,141
Program and film rights – non-current	–	4,414
Property, plant and equipment	32,250	48
Customer relationship	1,791	–
Other assets	3,762	31
Broadcast licences (Note 8)	1,016,599	38,768
Goodwill (Note 9)	76,612	18,206
Future income tax assets	15,716	–
	1,191,558	68,165
Liabilities assumed:		
Accounts payable and accrued liabilities	(16,551)	(393)
Program and film rights payable – current	–	(3,700)
Program and film rights payable – non-current	–	(1,187)
Other liabilities	–	(199)
Employee future benefits	(8,971)	–
Amounts payable under CRTC licence conditions	(53,899)	–
Future income tax liabilities	–	(12,676)
Total consideration	\$ 1,112,137	\$ 50,010
Consideration comprises:		
Cash on-hand	\$ 76,899	\$ 49,733
Cash financed by long-term debt (Note 10)	825,000	–
Class A non-voting shares	202,487	–
Acquisition costs	4,941	277
Unpaid consideration	2,810	–
Total consideration	\$ 1,112,137	\$ 50,010

3. INCOME TAX PROVISION

On February 19, 2008, the British Columbia government enacted a decrease in the general corporate income tax rate from 12.0% to 11.0% effective July 1, 2008. On December 14, 2007, the Federal government enacted a decrease in the general corporate income tax rate from 22.12% to 15.0% to be phased in between January 1, 2008 and January 1, 2012. As a result, the Company was required to re-measure its future income tax assets and liabilities using the newly enacted corporate income tax rates, over which the Company has no control, taking into account the rates anticipated to be in effect when the related future income tax assets are realized or liabilities are settled. For the three- and six-month periods ended February 29, 2008, this resulted in a non-cash future income tax recovery of \$28.3 million (\$0.49 per share and \$0.51 per share respectively) recorded in the interim consolidated statement of earnings. This non-cash future income tax recovery is subject to the finalization of the purchase price allocation related to the Standard Acquisition.

ASTRAL MEDIA INC.

Notes to Interim Consolidated Financial Statements

for the periods ended February 29, 2008 and February 28, 2007

(unaudited)

Major components of the captions related to the income tax provision for the three- and six-month periods ended February 29, 2008 and February 28, 2007 are as follows:

<i>(in thousands)</i>	3 months		6 months	
	2008	2007	2008	2007
Current income tax expense	\$ 10,518	\$ 13,009	\$ 27,742	\$ 32,992
Future income tax expense (recovery) relating to origination and reversal of temporary differences	4,011	490	6,480	(1,703)
Future income tax recovery resulting from income tax rate changes	(28,259)	-	(28,259)	-
Income tax provision	\$ (13,730)	\$ 13,499	\$ 5,963	\$ 31,289

4. INTEREST

<i>(in thousands)</i>	3 months		6 months	
	2008	2007	2008	2007
Interest income	\$ (187)	\$ (861)	\$ (915)	\$ (2,116)
Interest expense on long-term debt	10,744	-	14,521	-
Imputed interest on other long-term liabilities	755	-	1,031	-
Amortization of deferred financing costs	177	-	232	-
Other interest and financing costs	141	76	240	157
	\$ 11,630	\$ (785)	\$ 15,109	\$ (1,959)

5. CONSOLIDATED STATEMENTS OF CASH FLOWS

a) Net Change in Non-cash Operating Items

<i>(in thousands)</i>	3 months		6 months	
	2008	2007	2008	2007
Decrease (increase) in accounts receivable and other assets	\$ 18,057	\$ 8,628	\$ (12,547)	\$ (707)
Decrease (increase) in program and film rights	1,440	(2,506)	(12,134)	(10,423)
Decrease in accounts payable, accrued liabilities and income taxes payable	(26,637)	(20,767)	(14,732)	(21,444)
Increase (decrease) in program and film rights payable	(5,635)	3,735	(2,426)	8,116
	\$ (12,775)	\$ (10,910)	\$ (41,839)	\$ (24,458)

b) Interest Paid, Received and Taxes Paid

<i>(in thousands)</i>	3 months		6 months	
	2008	2007	2008	2007
Interest paid	\$ (10,897)	\$ (76)	\$ (14,772)	\$ (157)
Interest received	\$ 187	\$ 861	\$ 915	\$ 2,116
Income taxes paid	\$ (13,499)	\$ (17,051)	\$ (38,736)	\$ (38,370)

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

c) Non-cash Transactions

The interim consolidated statement of cash flows for the six-month period ended February 29, 2008 excludes the carrying value of the Class A non-voting shares of the Company issued as part of the consideration for the Standard Acquisition and an unpaid portion of the consideration related to the working capital adjustments (see Note 2).

6. EMPLOYEE FUTURE BENEFITS

The Company has a voluntary defined benefit pension plan available to employees hired before December 1, 2005. As part of the Standard Acquisition (see Note 2), the Company acquired Standard's existing defined benefit pension plan, on a fully-funded basis (all of the preceding (the "Plan")), and its defined contribution pension plan. The Company also acquired its non-pension post-retirement benefit plan, on a fully-funded basis.

In addition, the Company has a Supplementary Executive Retirement Plan (the "SERP") to provide supplemental pension benefits to certain key executives.

Elements included in the expense related to the Plan and the SERP for the three months ended February 29, 2008 and February 28, 2007 are as follows:

<i>(in thousands)</i>	2008		2007	
	Plan	SERP	Plan	SERP
Current service cost	\$ 1,764	\$ 106	\$ 1,248	\$ 103
Interest cost	811	158	466	153
Expected return on plan assets	(800)	-	(457)	-
Amortization of past service costs	-	16	-	14
Amortization of net actuarial loss	110	16	100	21
Net benefit plan expense	\$ 1,885	\$ 296	\$ 1,357	\$ 291

Elements included in the expense related to the Plan and the SERP for the six months ended February 29, 2008 and February 28, 2007 are as follows:

<i>(in thousands)</i>	2008		2007	
	Plan	SERP	Plan	SERP
Current service cost	\$ 3,529	\$ 212	\$ 2,496	\$ 206
Interest cost	1,622	315	933	306
Expected return on plan assets	(1,600)	-	(915)	-
Amortization of past service costs	-	33	-	28
Amortization of net actuarial loss	220	32	200	42
Net benefit plan expense	\$ 3,771	\$ 592	\$ 2,714	\$ 582

For the three- and six-month periods ended February 29, 2008, the expense related to the Company's non-pension post-retirement benefit plan, assumed upon the Standard Acquisition, is \$0.1 million and \$0.2 million respectively and is included in operating expenses on the interim consolidated statement of earnings.

For the three- and six-month periods ended February 29, 2008, the contribution amounts paid by the Company for services rendered by the employees during the period under its defined contribution pension plans, including the plan assumed upon the Standard Acquisition, are \$0.3 million and \$0.5 million respectively and are included in operating expenses on the interim consolidated statement of earnings (\$0.1 million and \$0.2 million respectively for the three- and six-month periods ended February 28, 2007).

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

7. BUSINESS SEGMENTS

The Company's business segments are Television, Radio and Outdoor Advertising. The Television segment comprises the Company's specialty, pay and pay-per-view television services. Its revenues are derived from subscription fees, advertising sales and pay-per-view sales. The Radio segment comprises the Company's FM and AM radio stations and its revenues are derived from advertising aired on these stations. The Outdoor Advertising segment comprises activities related to posting advertising on the Company's inventory of panels and street furniture equipment, and its revenues are derived from the sale of such advertising. Advertising revenues in each of the three business segments tend to follow seasonal patterns. All activities are conducted in Canada.

	For the three months ended February 29, 2008			
<i>(in thousands of \$)</i>	Television	Radio	Outdoor Advertising	Consolidated
Revenues	118,727	75,087	13,133	206,947
Earnings before undernoted items	41,338	24,076	1,953	67,367
Depreciation and amortization	(1,984)	(2,480)	(1,326)	(5,790)
Earnings before unallocated items	39,354	21,596	627	61,577
Interest expense, net				(11,630)
Corporate costs (including depreciation of \$297)				(6,423)
Income tax provision				13,730
Net earnings				57,254
Identifiable assets at period end (excluding Corporate assets of \$18,982)	781,012	1,578,415	98,760	2,458,187
Additions to property, plant and equipment (excluding Corporate additions of \$361)	1,699	1,555	1,525	4,779

	For the three months ended February 28, 2007			
<i>(in thousands of \$)</i>	Television	Radio	Outdoor Advertising	Consolidated
Revenues	114,965	25,707	9,191	149,863
Earnings before undernoted items	39,477	6,465	1,104	47,046
Depreciation and amortization	(1,697)	(1,033)	(1,043)	(3,773)
Earnings before unallocated items	37,780	5,432	61	43,273
Interest income, net				785
Corporate costs (including depreciation of \$237)				(5,931)
Income tax provision				(13,499)
Net earnings				24,628
Identifiable assets at period end (excluding Corporate assets of \$95,885)	724,287	459,153	55,677	1,239,117
Additions to property, plant and equipment (excluding Corporate additions of \$115)	1,887	799	731	3,417

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

	For the six months ended February 29, 2008			
<i>(in thousands of \$)</i>	Television	Radio	Outdoor Advertising	Consolidated
Revenues	248,226	124,282	33,186	405,694
Earnings before undernoted items	88,796	41,270	9,284	139,350
Depreciation and amortization	(3,827)	(3,903)	(2,585)	(10,315)
Earnings before unallocated items	84,969	37,367	6,699	129,035
Interest expense, net				(15,109)
Corporate costs (including depreciation of \$651)				(13,173)
Income tax provision				(5,963)
Net earnings				94,790
Identifiable assets at period end (excluding Corporate assets of \$18,982)	781,012	1,578,415	98,760	2,458,187
Additions to property, plant and equipment (excluding Corporate additions of \$510)	4,218	2,467	3,002	9,687
Addition to broadcast licences (Notes 2 and 8)	-	1,016,599	-	1,016,599
Addition to goodwill (Notes 2 and 9)	-	76,612	-	76,612

	For the six months ended February 28, 2007			
<i>(in thousands of \$)</i>	Television	Radio	Outdoor Advertising	Consolidated
Revenues	235,806	56,806	22,350	314,962
Earnings before undernoted items	82,566	17,004	6,111	105,681
Depreciation and amortization	(3,131)	(2,058)	(2,135)	(7,324)
Earnings before unallocated items	79,435	14,946	3,976	98,357
Interest income, net				1,959
Corporate costs (including depreciation of \$481)				(11,750)
Income tax provision				(31,289)
Net earnings				57,277
Identifiable assets at period end (excluding Corporate assets of \$95,885)	724,287	459,153	55,677	1,239,117
Additions to property, plant and equipment (excluding Corporate additions of \$157)	3,417	1,482	1,526	6,425
Addition to broadcast licences (Note 2)	38,768	-	-	38,768
Addition to goodwill (Note 2)	18,206	-	-	18,206

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

8. BROADCAST LICENCES

The changes in broadcast licences are summarized as follows:

<i>(in thousands)</i>	Six months ended February 29, 2008	Year ended August 31, 2007
Beginning of year	\$ 950,698	\$ 883,304
Broadcast licences acquired (Note 2)	1,016,599	67,394
End of period	\$ 1,967,297	\$ 950,698

9. GOODWILL

The changes in goodwill are summarized as follows:

<i>(in thousands)</i>	Six months ended February 29, 2008	Year ended August 31, 2007
Beginning of year	\$ 116,016	\$ 86,240
Goodwill related to business acquisitions (Note 2)	76,612	9,275
Future income tax liabilities	-	20,501
	76,612	29,776
End of period	\$ 192,628	\$ 116,016

As at February 29, 2008, the Company's goodwill is related to its Television business for a total amount of \$29.8 million, following its investments in TELETOON and MusiquePlus Inc. in Fiscal 2007, to its Radio business for an amount of \$76.6 million, following the Standard Acquisition (see Note 2), and to its Outdoor Advertising business for an amount of \$86.2 million.

10. CREDIT FACILITIES

Major components of the Company's long-term debt are as follows:

<i>(in thousands)</i>	Six months ended February 29, 2008	Year ended August 31, 2007
One-month bankers acceptances issued	\$ 824,300	\$ -
Canadian prime rate loans	700	-
Deferred financing costs	(3,269)	-
Long-term debt	\$ 821,731	\$ -

As at August 31, 2007, the Company's deferred financing costs of \$0.7 million were classified in other non-current assets on the consolidated balance sheet.

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

The Company has a \$1.0 billion credit facility (the "Facility") with a syndicate of financial institutions which was partly used for the purpose of financing the Standard Acquisition (see Note 2). The Facility has a five-year term and borrowings under the Facility can be in the form of bankers acceptances issued, Canadian prime-rate loans, US base-rate loans or LIBOR loans, and bear interest accordingly, plus a premium based on certain financial ratios. In order to manage the interest-rate risk exposures related to the Facility, the Company has entered into an interest-rate swap agreement (see Note 15).

As at February 29, 2008, total borrowings under the Facility amounted to \$825.0 million (nil as at August 31, 2007), excluding \$18.2 million of outstanding letters of credit (\$16.1 million as at August 31, 2007), and currently bear an average interest rate of 5.1%. The Company fully guarantees the Facility on an unsecured basis and also has a prepayment option without penalty which can be exercised at any time during the term of the Facility.

Under the terms of the Facility, the Company has certain financial ratios to comply with. The Company was in compliance with all these financial ratios as at February 29, 2008.

The Company's joint ventures also have operating revolving credit facilities of \$5.0 million (at Astral's proportionate share), which were not used as at February 29, 2008 and August 31, 2007.

11. CAPITAL STOCK

a) Issued and Outstanding Capital Stock

The following table summarizes the changes in the Company's capital stock comprising its Class A non-voting shares ("Class A shares"), Class B subordinate voting shares ("Class B shares") and Special shares ("Special shares"):

	Six months ended February 29, 2008		Year ended August 31, 2007	
	Number of shares outstanding	Carrying value of shares	Number of shares outstanding	Carrying value of shares
<i>(in thousands except for number of shares)</i>				
Class A shares:				
Beginning of year	49,777,203	\$ 558,534	49,848,066	\$ 558,741
Shares issued as part of the consideration for the Standard Acquisition (Note 2)	4,750,987	202,487	-	-
Conversion of Class B shares	4,000	4	302,800	296
Stock options exercised (Note 11.d))	127,249	2,067	128,152	3,542
Conversion of restricted share units (Note 11.d))	100,544	3,082	97,285	2,714
Shares repurchased (Note 11.e))	(417,700)	(5,835)	(599,100)	(6,759)
Share issuance costs	-	(150)	-	-
End of period	54,342,283	760,189	49,777,203	558,534
Class B shares:				
Beginning of year	2,792,022	2,730	3,094,822	3,026
Conversion to Class A shares	(4,000)	(4)	(302,800)	(296)
End of period	2,788,022	2,726	2,792,022	2,730
Special shares	65,000	325	65,000	325
		\$ 763,240		\$ 561,589

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

b) Earnings per Share

The following is a reconciliation of the numerator and denominators used for the computation of basic and diluted earnings per share:

<i>(in thousands)</i>	3 months		6 months	
	2008	2007	2008	2007
Net earnings (numerator)	\$ 57,254	\$ 24,628	\$ 94,790	\$ 57,277
Weighted average number of shares outstanding (denominators):				
Weighted average number of shares outstanding – basic	57,356	52,671	55,812	52,823
Effect of dilutive securities	1,110	1,207	1,131	1,166
Weighted average number of shares outstanding – diluted	58,466	53,878	56,943	53,989

c) Stock-based Compensation Costs

During the second quarter of Fiscal 2008, the Company granted to key employees 344,732 options to purchase Class A shares of the Company (320,732 options to purchase Class A shares were granted in the second quarter of Fiscal 2007). The fair value of options granted was determined using the Black-Scholes option pricing model and the following assumptions:

	Fiscal 2008 Grant	Fiscal 2007 Grant
Assumptions:		
Risk-free interest rate	3.98%	3.86%
Expected volatility in the market price of the shares	17.80%	22.30%
Expected dividend yield	1.15%	1.01%
Expected life	4.5 years	5 years
Fair value per option:	\$8.41	\$9.66

During the second quarter of Fiscal 2008, the Company also granted 119,900 restricted share units ("RSUs") to key employees (111,200 RSUs were granted in the second quarter of Fiscal 2007). The fair value of the RSUs granted is \$43.50 per unit (\$39.75 per unit in Fiscal 2007) which is equal to the market price of a Class A share of the Company at the time of the grant.

The compensation costs related to stock options and RSUs granted to employees are recorded in operating expenses on the interim consolidated statements of earnings over their expected vesting period for stock options, and over a three-year vesting period for RSUs. Such compensation costs are credited to contributed surplus on the interim consolidated balance sheets. For the three- and six-month periods ended February 29, 2008, stock-based compensation costs amounted to \$1.7 million and \$3.1 million respectively (\$1.7 million and \$2.9 million respectively for the three- and six-month periods ended February 28, 2007).

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

d) Stock Option Plan and Restricted Share Unit Plan

The status of the Company's employee stock option plan is summarized as follows:

	Six months ended February 29, 2008	Year ended August 31, 2007
Number of options:		
Outstanding – beginning of year	2,979,397	2,840,297
Granted	344,732	320,732
Exercised (Note 11.a))	(127,249)	(128,152)
Cancelled/expired	(26,869)	(53,480)
Outstanding – end of period	3,170,011	2,979,397
Exercisable – end of period	2,284,682	2,106,341

The status of the Company's restricted share unit plan is summarized as follows:

	Six months ended February 29, 2008	Year ended August 31, 2007
Number of units:		
Outstanding – beginning of year	317,422	313,502
Granted	119,900	111,200
Converted to Class A shares (Note 11.a))	(100,544)	(97,285)
Cancelled/expired	(5,578)	(9,995)
Outstanding – end of period	331,200	317,422

e) Normal Course Issuer Bid

On December 5, 2007, the Company announced a renewal of its normal course issuer bid to repurchase for cancellation up to 1,400,000 Class A shares and 71,400 Class B shares, both quantities representing 2.6% of the outstanding shares as at November 30, 2007 for their respective class of shares. The share repurchase program is being conducted over a maximum period of 12 months which began on December 13, 2007.

During the three- and six-month periods ended February 29, 2008, the Company repurchased 411,700 and 417,700 Class A shares respectively under its normal course issuer bids for a total cash consideration of \$16.6 million and \$16.9 million respectively. The cash consideration exceeded the carrying value of the shares repurchased by \$10.9 million and \$11.1 million respectively for the three- and six-month periods, which amounts were charged to retained earnings (164,100 and 418,400 Class A shares were repurchased during the three- and six-month periods of last year respectively for a total cash consideration of \$6.6 million and \$16.6 million which was all paid in the second quarter and of which \$4.7 million and \$11.8 million respectively were charged to retained earnings).

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

12. CONTRIBUTED SURPLUS

The changes in contributed surplus are summarized as follows:

<i>(in thousands)</i>	Six months ended February 29, 2008	Year ended August 31, 2007
Beginning of year	\$ 11,645	\$ 8,750
Stock-based compensation costs	3,105	6,063
Stock options exercised	(222)	(454)
Restricted share units converted to Class A shares (Note 11.a)	(3,082)	(2,714)
End of period	\$ 11,446	\$ 11,645

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in accumulated other comprehensive income are summarized as follows:

<i>(in thousands)</i>	Six months ended February 29, 2008	Year ended August 31, 2007
Adjusted opening balance due to the new accounting policies adopted regarding financial instruments (net of income taxes of \$1.7 million) (Note 1)	\$ 3,896	\$ -
Other comprehensive income for the period (net of income taxes of \$6.0 million)	(15,497)	-
End of period	\$ (11,601)	\$ -

14. COMMITMENTS

The minimum amounts payable under long-term operating lease contracts, including those related to the Standard Acquisition (see Note 2) and the Company's proportionate share of amounts payable by joint ventures, and amounts guaranteed under a 20-year coordinated street furniture program with the City of Toronto, are as follows:

<i>(in thousands)</i>	
2008	\$ 18,468
2009	32,633
2010	29,121
2011	31,417
2012	31,982
2013 and thereafter	453,754
	\$ 597,375

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

15. FINANCIAL INSTRUMENTS

a) Derivative Financial Instruments

Borrowings under the Company's Facility are subject to interest rate fluctuations. To manage the volatility relating to this exposure, the Company is party to derivative financial instruments. These derivative financial instruments are used to manage interest-rate risks on bank debt (see Note 10). During the third quarter of Fiscal 2007, the Company entered into interest-rate swap and interest-rate cap agreements to hedge its exposure on interest rate fluctuations. During the first quarter of Fiscal 2008, these derivative financial instruments were terminated and replaced by a new interest-rate swap agreement on October 29, 2007 to hedge the same exposure (the "New Agreement"). Upon termination of the initial interest-rate swap and interest-rate cap agreements, their combined fair market value was \$0.1 million in the Company's favour and this gain has been included as a reduction of the interest rate relating to the New Agreement. Since the hedges were effective as at their termination date, the unrealized gain included in the accumulated other comprehensive income will be deferred and recognized over the term of the related long-term debt. The New Agreement is based on an initial nominal amount of \$750.0 million which is being reduced periodically, based on a predetermined estimated repayment schedule, until its maturity on May 29, 2012. Under the New Agreement, the Company is currently paying an interest rate of 5.2%. The Company elected to apply cash flow hedge accounting on this derivative financial instrument. For the three- and six-month periods ended February 29, 2008, the application of this accounting treatment did not have a significant impact on the interim consolidated statement of earnings. Based on the current market value of the derivative financial instrument, an unrealized loss of \$15.9 million (\$11.6 million net of income taxes) has been recorded in the interim consolidated balance sheet as at February 29, 2008 and in the interim consolidated statements of comprehensive income for the three- and six-month periods then ended.

b) Fair Values

<i>(in thousands)</i>	Six months ended February 29, 2008		Year ended August 31, 2007	
	Book value	Fair value	Book value	Fair value
Financial assets				
<i>Financial assets held for trading</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 21,237	\$ 21,237
<i>Held-to-maturity investments</i>				
Short-term investments	\$ -	\$ -	\$ 51,128	\$ 51,128
<i>Loans and receivables</i>				
Accounts receivable	\$ 151,714	\$ 151,714	\$ 96,995	\$ 96,995
<i>Derivatives designated as cash flow hedges</i>				
Interest-rate swap agreement	\$ -	\$ -	\$ -	\$ 4,381
Interest-rate cap agreement	\$ -	\$ -	\$ -	\$ 1,238
Financial liabilities				
<i>Other financial liabilities</i>				
Bank overdraft	\$ 2,860	\$ 2,860	\$ -	\$ -
Accounts payable and accrued liabilities	\$ 103,499	\$ 103,499	\$ 83,160	\$ 83,160
Program and film rights payable				
– short-term	\$ 61,359	\$ 61,359	\$ 70,325	\$ 70,325
Program and film rights payable				
– long-term	\$ 18,916	\$ 18,916	\$ 12,376	\$ 11,451
Long-term debt	\$ 821,731	\$ 821,731	\$ -	\$ -
<i>Derivatives designated as cash flow hedges</i>				
Interest-rate swap agreement	\$ 15,850	\$ 15,850	\$ -	\$ -

ASTRAL MEDIA INC.
Notes to Interim Consolidated Financial Statements
for the periods ended February 29, 2008 and February 28, 2007
(unaudited)

The fair value of cash and cash equivalents, short-term investments, accounts receivable, the bank overdraft, accounts payable and accrued liabilities, and short-term program and film rights payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of long-term program and film rights payable has been calculated using a discounted cash flow method of estimated future cash payments.

The fair value of long-term debt, net of deferred financing costs, is equivalent to its carrying value since it is a floating rate debt and its interest rate is comparable to the market rate available to the Company.

The fair value of the derivative financial instruments generally reflects the estimates of the amounts that the Company would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at the balance sheet date. The fair value of the interest-rate swap is calculated using the average of quotes obtained from major financial institutions.

CORPORATE INFORMATION

Executive Offices

Maison Astral
2100, rue Sainte-Catherine Ouest
Bureau 1000
Montréal (Québec)
H3H 2T3

Tel: (514) 939-5000

Fax: (514) 939-1515

www.astralmedia.com

Transfer Agent and Registrar

Computershare Investor Services Inc.
Montréal, Toronto

Exchange Listings

Toronto Stock Exchange
Symbols: ACM.A / ACM.B