SHAW COMMUNICATIONS INC
Form 6-K
April 10, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2003

Shaw Communications Inc.

(Translation of registrant s name into English)

Suite 900, 630 3rd Avenue S.W., Calgary, Alberta T2P 4L4 (403) 750-4500

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F o Form 40-F **X**

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No **X**

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant, Shaw Communications Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 9, 2003
Shaw Communications Inc.

By:
/s/ R.D. Rogers

R.D. Rogers
Sr. V.P., Chief Financial Officer
Shaw Communications Inc.

NEWS RELEASE

Shaw Communications announces Second Quarter Results strong growth in free cash flow continues

Calgary, Alberta, April 9th, 2003 Shaw Communications Inc. announced today that on a consolidated basis, the Company achieved a new milestone of net positive free cash flow (FCF) of approximately $10.0 million in the second quarter. Cable generated $43.7 million of FCF compared to a negative amount of $183.5 million last year. Year to date FCF in Cable is approximately $72.0 million, well on the way to meeting fiscal 2003 target of $105 million. The Satellite Division was cash flow negative approximately $33.7 million in the second quarter, an improvement of $8.4 million over the first quarter of 2003 and $28.3 million over the second quarter last year.

In commenting on the results, Jim Shaw, Chief Executive Officer of Shaw Communications, noted: We are extremely pleased with the quarterly results, particularly that we were cash flow positive on a consolidated basis. We believe we are in a good position to achieve our cash flow targets for the current year, while at the same time continuing to expand our service offerings with new products, such as High Definition Television (HDTV) introduced to our Calgary and Greater Vancouver area customers during the second quarter .

Cash flow from operations in the second quarter ended February 28, 2003 was $127.4 million ($0.51 per share) compared to $63.0 million ($0.23 per share) in the same period last year, representing an increase of 102.2%. For the six months ended February 28, 2003, cash flow from operations was $240.3 million ($0.95 per share), a 90.3% improvement over the same period last year ($126.3 million; $0.45 per share).

Customer growth in the second quarter was highlighted by an increase of 41,717 Internet customers and the deployment of 20,114 digital terminals. Internet penetration of 40.4% of basic customers leads North American cable companies and the Fort McMurray system is now at 70%.

This customer growth, combined with the impact of price increases, has enabled us to increase revenue on a quarterly and year to date basis by 9.8% and 12.1% respectively. In addition, operating income before amortization has improved significantly due to the foregoing factors as well as the impact of savings achieved through cost reductions and rationalization of operations in both cable and satellite noted Mr. Shaw.

Net loss for the second quarter ended February 28, 2003 was $19.7 million ($0.13 per share) compared to $78.0 million ($0.38 per share) for the same period last year.

Our strategies have placed us in a good position to continue to achieve growth, increase cash flow and, through the sale of non-strategic assets to reduce debt, all of which should result in further enhancement of stakeholder value, Mr. Shaw said.

Shaw Communications Inc. is a diversified Canadian communications company whose core business is providing broadband cable television, Internet and satellite direct-to-home (DTH) services to approximately 2.9 million customers. Shaw is traded on the Toronto and New York stock exchanges (Symbol: TSX SJR.B, NYSE SJR)

-30-

For further information, please contact:

R.D. Rogers
Senior V.P., Chief Financial Officer
Shaw Communications Inc.
403-750-4500

SHAREHOLDERS REPORT
SECOND QUARTER ENDING FEBRUARY 28, 2003

SELECTED FINANCIAL HIGHLIGHTS
CONSOLIDATED RESULTS OF OPERATIONS
SECOND QUARTER ENDING FEBRUARY 28, 2003

	Three months ended February 28			Six months ended February 28		
	2003	2002	Change %	2003	2002	Change %
($000 s Cdn. except per share amounts)						
Operations:						
Revenue	521,379	474,922	9.8	1,034,762	923,202	12.1
Operating income before amortization	200,251	139,593	43.5	389,300	275,701	41.2
Cash flow from operations	127,427	63,007	102.2	240,287	126,292	90.3
Net loss	(19,747)	(77,983)	74.7	(38,732)	(132,643)	70.8
Per share data:						
Cash flow per share basic[(1)]	$ 0.51	$ 0.23		$ 0.95	$ 0.45	
Loss per share basic and diluted[(1)]	($0.13)	($0.38)		($0.25)	($0.67)	
Weighted average participating shares outstanding during period (000 s)	231,848	231,812		231,848	231,796	

(1) After deducting entitlements on the equity instruments, net of income taxes, amounting to $9,908 or $0.04 per share [2002 $9,240 or $0.04 per share] and $20,051 or $0.09 per share [2002 $21,650 or $0.09 per share] for the quarter and year to date respectively.

OPERATING HIGHLIGHTS

Consolidated net free cash flow was $10.0 million in the second quarter compared to negative net free cash flow of $245.5 million in the same period last year.

Cable division free cash flow was $43.7 million compared to negative cash flow of $183.5 million in the same quarter last year.

Shaw Communications Inc.

Satellite division second quarter negative free cash improved to $33.7 million from $62.0 million in the second quarter of 2002.

Positive customer growth in digital (20,114), Internet (41,717) and DTH (17,041) continued in the second quarter. Basic cable growth was 205 versus a loss of 1,102 last year.

Agreements were entered into for the sale of the U.S. cable assets with gross proceeds to be approximately $300 million Canadian.

Subsequent to the quarter end, Shaw sold its Star Choice Business Television division for $6.5 million and its shares in Cogeco Cable for $13.4 million.

The continuing strong operating results combined with management of capital expenditures has enabled Shaw to make further progress towards meeting positive free cash flow objectives. New product initiatives, price increases and continued emphasis on cost reduction, have resulted in growth of revenue, operating income before amortization and cash flow from operations in the current quarter of 9.8%, 43.5% and 102.2% respectively over the same period last year.

We intend to continue to focus our efforts on three key areas management of growth, increasing cash flow, and debt reduction as a means of increasing shareholder value.

JR Shaw	Jim Shaw
Executive Chair	Chief Executive Officer

Shaw Communications Inc.

MANAGEMENT S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2003

Certain statements in this report may constitute forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Included herein is a Caution Concerning Forward-Looking Statements section which should be read in conjunction with this report.

The following should also be read in conjunction with the Management s Discussion and Analysis included in the Company s August 31, 2002 Annual Report and Financial Statements and the Notes thereto.

Consolidated Overview

Revenue increased by 9.8% over the same quarter last year and by 12.1% on a year to date basis due to increased DTH, Internet and Digital customers, price increases, the sale of additional digital services plus the effect of the Viewer s Choice acquisition effective June 1, 2002. Operating income before amortization surpassed revenue growth in both the three and six months ended February 28, 2003 compared to the same periods last year with increases of 43.5% and 41.2% respectively, due to cost saving initiatives and restructuring introduced during the third quarter last year, the elimination of the Excite@Home fee in the second quarter last year, cable rate increases on May 1, 2002 and January 1, 2003 and continued improvements from Star Choice. Cash flow from operations increased by 102.2% in the second quarter primarily due to increased operating income before amortization.

In April 2002 the CRTC modified its structural separation requirements to allow Star Choice and Shaw to integrate accounting and other administrative functions subject to the establishment of procedures to protect confidential information. In light of this, the Satellite division developed a restructuring plan to streamline its operations. In respect of the restructuring plan, a $4.8 million provision was taken in the first quarter to cover severance costs of approximately $4 million in respect of 400 employees and $0.8 million of exit costs to centralize certain operational functions in Calgary. The restructuring should result in approximate annual savings of $6 million. As of February 2003, approximately $1.8 million of severance costs have been incurred in respect of the restructuring.

The net loss decreased to $19.7 million this quarter from $78.0 million one year ago, a reduction of 74.7%, primarily due to the increase in operating income of approximately $59.4 million, decrease in equity loss on investees of $18.3 million, and foreign exchange gains of $16.8 million in the current quarter versus a loss of $6.1 million last year and a decrease of income tax recovery of $34.8 million.

New Accounting Standards

An understanding of new accounting standards adopted in the current year is necessary for a complete analysis of our results, financial position, liquidity and trends. We focus your attention

Shaw Communications Inc.

to Note 1 to the Consolidated Financial Statements which discusses the adoption of the new Canadian standards with respect to foreign currency translation and stock-based compensation and other stock-based payments.

With respect to the adoption of the amended standard on foreign currency translation, unrealized translation gains and losses on non-current monetary assets and liabilities which are not hedged are recognized in income immediately as opposed to being deferred and amortized over the life of the underlying non-current monetary instrument. U.S. $57.2 million of Shaw s credit facility and the U.S. $150 million Star Choice Senior secured notes are unhedged and subject to foreign currency fluctuations. The Canadian dollar has strengthened by approximately $0.081 (5.2%) since November 30, 2002. This has resulted in a foreign exchange gain of $16.8 million in the current quarter, or approximately $2.0 million for each $0.01 change in the Canadian dollar versus the U.S. dollar.

There is no effect on the Company s results with respect to the adoption of the new standard for stock based compensation and other stock-based payments. The new standard permits the Company to continue its current policy of not recording any compensation cost on the grant of stock options to employees.

Shaw Communications Inc.

Cable

FINANCIAL HIGHLIGHTS

	Three months ended February 28			Six months ended February 28		
	2003	**2002**	**Change %**	**2003**	**2002**	**Change %**
($000 s Cdn)						
Revenue (third party) (1)	373,341	344,027	8.5	741,363	670,718	10.5
Operating income before amortization	180,172	140,479	28.3	355,753	274,906	29.4
Less:						
Interest	48,602	51,345	(5.3)	97,428	96,763	0.7
Entitlements on equity instruments, net of current taxes	9,908	9,240	7.2	20,051	21,650	(7.4)
Cash taxes on net income	8,450	8,387	0.8	17,669	19,000	(7.0)
Cash flow before the following:	113,212	71,507	58.3	220,605	137,493	60.4
Capital expenditures and equipment subsidies:						
New housing development	21,451	36,168	(40.7)	46,698	68,888	(32.2)
Success based	23,373	55,763	(58.1)	48,497	156,977	(69.1)
Upgrades and enhancement	16,164	113,951	(85.8)	34,187	176,889	(80.7)
Replacement	3,574	10,844	(67.0)	7,780	20,096	(61.3)
Buildings/other (2)	4,908	38,329	(87.2)	11,469	57,214	(80.0)
	69,470	255,055	(72.8)	148,631	480,064	(69.0)
Free Cash Flow	43,742	(183,548)	123.8	71,974	(342,571)	121.0
Operating margin	48.3%	40.8%	7.5	48.0%	41.0%	7.0

(1) In order to be consistent with the approach taken for DTH equipment sales, during the current year the Company has retroactively changed the presentation of equipment revenue and cost of sales in respect of the sale of DCT and modem equipment at a subsidized cost. Revenue includes equipment revenue received on the sale of DCT and modem equipment of $6,497 [2002 $9,190] and $14,196 [2002 $18,857] for the quarter and year to date respectively, offset by an equal cost of sale. There is no impact on operating income or earnings as a result of this change.

(2) Excludes $2,654 and $4,254 for the three and six months ended February 28, 2003 respectively of capital expenditures in respect of the Burrard Landing Lot 2 Holdings Partnership (Partnership) which the Company is required to proportionately consolidate (see Note 1 to the Company s 2002 Consolidated Financial Statements.) As the Partnership is financed by its own credit facility, this is a non-cash item for the Company.

HIGHLIGHTS FOR THE QUARTER

Cable generated free cash flow of $43.7 million in the second quarter compared to negative cash flow of $183.5 million last year and positive free cash flow $28.2 million in the first quarter of the current year.

Shaw launched Video-on-demand (VOD) in the greater Vancouver area in January 2003.

Shaw introduced High Definition television (HDTV) services in Calgary and Greater Vancouver during January.

Effective January 2003, rate increases were implemented on basic non-bundled subscribers. The increases are currently generating additional monthly revenue of approximately $900,000.

7

Shaw Communications Inc.

During the second quarter, a new bundle of services was created for customers who subscribe to all three specialty service tiers. This change, which was instituted as a means of increasing the competitiveness of Shaw s service bundles, has resulted in a reduction of second outlet revenue of approximately $600,000 per month.

Shaw announced the sale of its U.S. cable systems, consisting of approximately 71,000 subscribers. The sale, subject to regulatory and other approvals, is anticipated to result in gross proceeds of approximately $300 million Cdn.

Effective May 1, 2003 Shaw will increase its monthly charge on packages affecting approximately 550,000 customers, which is anticipated to generate additional monthly revenue of approximately $1.0 million when fully implemented.

Cable generated positive free cash flow for the second consecutive quarter, bringing the year to date total to $72.0 million compared to negative cash flow of $342.6 million in the same period last year. This significant improvement has been obtained through growth in operating income before amortization of approximately $80.8 million and a decline of $331.4 million in capital expenditures and equipment subsidies. The most significant reductions in capital expenditures have occurred in the success-based category, due to a leveling off of digital and Internet customer growth from record levels of the past two years, and in the upgrades and enhancement category as a result of substantially completing the upgrade program last year.

Cable revenue in the second quarter increased by 8.5% over the same period last year as a result of rate increases on Internet, tiers and bundled packages implemented May 1, 2002 and non-bundled subscribers in January 2003, the acquisition of Viewers Choice in June 2002 and customer growth in Internet and digital services. Cable revenue (excluding equipment revenue) increased by approximately $6.5 million or 1.8% over the first quarter as a result of growth in Internet customers, the January 2003 rate increase, and increased pay-per-view and VOD activity.

Operating income before amortization increased by 28.3% and 29.4% over the comparable quarterly and year to date results last year, and by $4.6 million (2.6%) over the first quarter of the current year. The improvement in results from last year primarily arise from the impact of rate increases, customer growth in Internet and digital services, cost savings such as the elimination of the Excite@Home fee, and the benefit of cost reduction programs implemented in the third quarter of fiscal 2002. The quarterly change in the current year is principally due to the January 2003 rate increase and improved results in Big Pipe. As discussed in the first quarter release, Big Pipe s focus on major accounts, combined with decreased bandwidth costs, enabled Big Pipe to generate positive operating income before amortization in the current quarter compared to a negative amount in the first quarter of 2003.

Shaw Communications Inc.

SUBSCRIBER STATISTICS

			Three months ended		Six months ended	
	February 28, 2003	August 31, 2002	Growth	Change %	Growth	Change %
CABLE:						
Basic service:						
Actual	2,117,844	2,105,113	205		12,731	0.6
Penetration as % of homes passed	68.2%	68.5%				
Full cable service:						
Tier I	1,707,347	1,708,736	(10,819)	(0.6)	(1,389)	(0.1)
Penetration as % of basic	80.6%	81.2%				
Tier II	1,625,839	1,617,031	(5,114)	(0.3)	8,808	0.5
Penetration as % of basic	76.8%	76.8%				
Tier III	1,437,968	1,402,346	13,165	0.9	35,622	2.5
Penetration as % of basic	67.9%	66.6%				
Digital terminals	535,541	495,604	20,114	3.9	39,937	8.1
Digital customers	481,574	452,293	12,128	2.6	29,281	6.5
INTERNET:						
Connected and scheduled	854,681	770,348	41,717	5.1	84,333	10.9
Penetration as % of basic	40.4%	36.6%				
Stand-alone Internet not included in basic cable	104,341	90,234	6,120	6.2	14,107	15.6

Basic cable experienced a gain of 205 customers compared to a loss of 1,102 in the same quarter last year. The deployment of digital with current quarter growth in excess of 20,000 units and Internet customer growth in the current quarter of approximately 5.1% are consistent with first quarter results. The Company has launched marketing programs to sell video services to the Internet stand-alone customers.

Shaw s product bundling strategy, the introduction of new products such as Video on Demand (VOD) and HDTV, and timely marketing campaigns have contributed to customer growth in the current year. VOD, currently available in Calgary and Greater Vancouver, will be launched in Edmonton, Saskatoon and Fort McMurray later this year. This service, which combines Shaw s Internet and digital services, represents a unique bundling of services available only to Shaw customers, and a significant improvement over the traditional Pay-per-view offering, in that customers have access to their movie or event selection for 24 hours and are able to pause, rewind or replay their selection as well.

Shaw Communications Inc.

COMBINED SATELLITE (DTH and Satellite Services)

FINANCIAL HIGHLIGHTS

	Three months ended February 28,			Six months ended February 28,		
	2003	**2002**	**Change %**	**2003**	**2002**	**Change %**
($000s Cdn)						
Revenue (third party)	148,038	130,895	13.1	293,399	252,484	16.2
Operating income before amortization and restructuring charge	20,079	3,714	440.6	38,397	5,395	611.7
Less:						
In Interest	17,563	17,227	2.0	36,032	35,149	2.5
Cash taxes on net income	186	(138)	234.8	461	444	3.8
Cash flow before capital expenditures	2,330	(13,375)	117.4	1,904	(30,198)	106.3
Less capital expenditures and equipment subsidies:						
Success	35,184	40,012	(12.1)	76,146	77,608	(1.9)
Other	835	8,606	(90.3)	1,503	14,334	(89.5)
	36,019	48,618	(25.9)	77,649	91,942	(15.5)
Free cash flow	(33,689)	(61,993)	45.7	(75,745)	(122,140)	38.0

The satellite division achieved positive cash flow before capital expenditures for the first time and continues to make significant progress on achieving overall free cash flow.

The division was cash flow negative $33.7 million in the current quarter compared to $62.0 million in 2002 and on a year to date basis was cash flow negative $75.7 million compared to $122.1 million in the same period last year. The improvement is due to increased operating income resulting from improved economies of scale on a larger DTH subscriber base, rate increases, reduced capital expenditures and equipment subsidies and cost reduction programs, including the restructuring plan undertaken during the current year.

DTH (Star Choice)

FINANCIAL HIGHLIGHTS

	Three months ended February 28,			Six months ended February 28,		
	2003	**2002**	**Change %**	**2003**	**2002**	**Change %**
($000s Cdn)						
Revenue (third party) [1]	122,762	105,395	16.5	242,049	199,744	21.2
Operating income (loss) before amortization	10,042	(6,656)	250.9	17,548	(16,766)	204.7
Operating margin	8.2%	(6.3%)	14.5	7.2%	(8.4%)	15.6

(1) Includes equipment revenue on sale of DTH equipment of $12,168 [2002 - $16,986] and $25,402 [2002 $31,685] for the quarter and year to date respectively.

Shaw Communications Inc.

Customer Statistics

	February 28, 2003	August 31, 2002	Three months ended Growth	Three months ended %	Six months ended Growth	Six months ended %
Star Choice customers [1]	796,257	760,024	17,041	2.2	36,233	4.8%

(1) Including seasonal customers who temporarily suspend their service.

HIGHLIGHTS FOR THE QUARTER

Star Choice added 17,041 customers in this quarter.

Operating income before amortization at Star Choice was $10.0 million compared to an operating loss of $6.7 million in the second quarter of fiscal 2002.

During the quarter, Star Choice discontinued the Simple Satellite program which included free equipment installation. New customers will now own all equipment, and Star Choice will provide professional installation for a charge of $50, thereby reducing the cost of acquisition of new customers.

Effective January 1, 2003, the price of most French programming packages was increased by $3.00 per month affecting approximately 100,000 customers.

Star Choice announced a $3.00 increase, effective April 1, 2003 for most of the programming packages that were not included in the September 2002 rate increase affecting 150,000 customers.

Effective June 1, 2003 Star Choice will be implementing a rate increase of $3.00 affecting the majority of customers, thereby generating increased revenues of approximately $2.0 million per month when fully implemented.

Revenue increased by 16.5% over the same quarter last year and 21.2% for the six-month period as a result of subscriber growth and price increases. These factors, combined with the impact of cost reductions, enabled Star Choice to generate operating income of $10.0 million in the current quarter compared to an operating loss of $6.7 million last year. On a year to date basis, operating income was $17.5 million compared to an operating loss of $16.8 million last year. The current quarter operating income of $10.0 million improved by $2.5 million over the first quarter as a result of the factors noted above.

Shaw Communications Inc.

Satellite Services

FINANCIAL HIGHLIGHTS

	Three months ended February 28,			Six months ended February 28,		
	2003	**2002**	**Change %**	**2003**	**2002**	**Change %**
($000 s Cdn)						
Revenue (third party)	25,276	25,500	(0.9)	51,350	52,740	(2.6)
Operating income before amortization	10,037	10,370	(3.2)	20,849	22,161	(5.9)
Operating margin	39.7%	40.7%	(1.0)	40.6%	42.0%	(1.4)

Satellite services revenue, consisting of Broadcast, Truck Tracking and Business Television (learning), decreased in the second quarter primarily as a result of the sale of Gulfcom in May, 2002, and a decline in learning results which experienced higher revenues in the first half of fiscal 2002 due to increased usage of teleconferencing as a result of the events of September 11, 2001. However, this was offset to some extent by an increase in Truck Tracking revenue in the current quarter. Year to date results reflect the impact of the foregoing factors as well. Subsequent to the quarter end, the Star Choice Business Television division was sold for $6.5 million. Over the past two and a half years, annual revenue has been in the range of $11.0 million, with operating margins of 15 20%.

Shaw Ventures

Shaw s investment portfolio as at February 28, 2003 includes:

Investment (1)	Unrestricted shares	Restricted shares and warrants	Total	Market value (2) ($000s)
GT Group Telecom (GT(3))	32,246,217		32,246,217	
Liberty Media	343,000		343,000	4,679
Canadian Hydro (4)	6,546,580	2,100,000	8,646,580	13,600
Cogeco (5)	1,100,000		1,100,000	11,132
Other non-public companies, at carrying value				16,109
				45,520

(1) Excludes investments monetized by equity instruments.

(2) Unless otherwise noted, the market value is based on closing prices as of February 28, 2003.

(3) GT Group Telecom market value is nil based on the reorganization of GT under the 360networks purchase.

(4) The market value shown is net of the warrant exercise price.

(5) These shares were sold for $13.4 million subsequent to February 28, 2003.

In November 2002, 360networks Corporation announced that it would be acquiring the assets and operations of GT. As a result of this transaction, which closed in February 2003 and did not involve any recovery for GT s shareholders, Shaw did not receive an interest in the continued company and will therefore not be recording any further equity losses or earnings with respect to GT.

12

Shaw Communications Inc.

OTHER INCOME ITEMS:

Investment activity gains and losses

	Three months ended February 28,			Six months ended February 28,		
	2003	2002	Increase (decrease) in income	2003	2002	Increase (decrease) in income
($000s Cdn)						
Gain on redemption of SHELS	44,179		44,179	44,179		44,179
Gain (loss) on sale of investments	4	(219)	223	117	2,357	(2,240)
Dilution loss on issuance of stock by equity investee					(571)	571

In the current quarter, the Terayon shares were surrendered to settle the SHELS V equity linked debentures, resulting in a gain of $44.2 million ($36.2 million after-tax). The settlement of the SHELS will improve annual cash flow by approximately $1.7 million (before-tax) with the elimination of the annual dividend entitlements.

For the six months ended February 28, 2002, the gain on sale of investments of $2.4 million primarily related to the sale of approximately 673,000 Terayon shares. The dilution loss of $0.6 million arose due to the issuance of equity by GT subsequent to Shaw s investment, which reduced Shaw s ownership in that company to approximately 23.2% at November 30, 2001 from 23.3% at August 31, 2001.

Fixed Charges

	Three months ended February 28,				Six months ended February 28,			
	2003	2002	Increase (decrease)	%	2003	2002	Increase (decrease)	%
($000s Cdn)								
Amortization								
Property, plant and equipment	105,102	101,022	4,080	4.0	212,780	192,859	19,921	10.3
Deferred charges	48,231	50,898	(2,667)	(5.2)	88,982	92,231	(3,249)	(3.5)
Total amortization	153,333	151,920	1,413	0.9	301,762	285,090	16,672	5.8
Amortization of deferred IRU revenue	(2,952)	(2,833)	119	4.2	(5,905)	(6,696)	(791)	(11.8)
Interest	66,165	68,572	(2,407)	(3.5)	133,460	131,912	1,548	1.2

Amortization on property, plant and equipment increased over the comparative prior periods due to the high level of cable and Internet capital expenditures over the past few years as well as the effect of Star Choice retaining ownership of satellite dishes on new installations effective September 2001. Consequently, DTH equipment subsidies decreased which resulted in lower amortization of deferred charges in the current year. However, this decrease was partially offset by increased amortization of DCT subsidies and amortization of the modem subsidies resulting from the Modem Purchase program introduced in June 2002 as well as amortization of the remaining deferred financing costs related to Cancom s $350 million credit facility that was repaid and cancelled in February 2003. Star Choice cancelled its Simple Satellite program in

Shaw Communications Inc.

the current quarter; as a result customers will own the satellite dishes. This will result in an increase in equipment subsidies offset by a similar decline in capital expenditures.

Amortization of deferred IRU for the six months ended February 28, 2003 decreased over the comparative period as the prior period includes settlement of amounts in respect of the future build component under the IRU obligation.

Interest expense decreased by $2.4 million over the comparative quarter primarily as a result of terminating $210 million of interest rate swaps in March 2002. These swaps had been inherited on the Moffat acquisition. Interest increased by $1.5 million over the comparative six month period due to increased borrowing required to finance capital expenditures and equipment subsidies and was partially offset by the interest savings from the swap cancellations.

Provision for loss on sale of assets

Due to the decline in value of U.S. cable television systems in the last year, a loss is expected on the disposition of the Company s Texas and Florida cable systems. As a result, in the current quarter a provision of $50 million, representing management s best estimate of the loss, has been recognized in respect of these systems. Exchange rate fluctuations and closing adjustments may impact the final results. In addition, a provision of $3.8 million for the estimated loss on sale of the Star Choice Business Television division, which was completed on March 21, 2003, has also been recorded.

Equity loss on investees

	Three months ended February 28,			**Six months ended February 28,**		
	2003	**2002**	**Increase in income**	**2003**	**2002**	**Increase In income**
($000s Cdn)						
Total	(1,467)	(19,765)	18,298	(1,994)	(34,614)	32,620

The equity loss on investees in the current year is in respect of Shaw s interest in specialty channels while the equity loss in the prior year is primarily in respect of its interest in GT. The Company wrote off its investment in GT in the third quarter of 2002 and will not be recording further equity losses based on the proposed plan of reorganization of GT.

RISKS AND UNCERTAINTIES

There have been no material changes in any risks or uncertainties facing the Company since the year ended August 31, 2002.

Further to our disclosure in our first quarter release dated January 15, 2003 concerning the status of the Anik F1 satellite, Telesat has provided the following update in its press release of February 4, 2003:

Telesat announced today that it has signed a contract with Astrium, Europe s largest space company, for a new satellite targeted for launch in 2005 to replace the Anik F1 satellite and ensure continuity of service for its customers. The new satellite, Anik F1R, will carry telecommunications, broadcasting and Internet services.

Based on the foregoing, we do not anticipate any incremental cost to the Company or disruption to our DTH and satellite services customers.

Further to our disclosure in our Fourth Quarter 2002 Release, dated October 17, 2002, concerning the possible launch of a new Mexican satellite (operated by Satmex), we have learned that the Governments of Canada and Mexico intend to conclude a new Satellite Coordination Agreement to accommodate the operation of a new Mexican satellite network according to the terms and parameters included in the 2000 Coordination Agreement. This would ensure that the operation of a new Mexican satellite will not interfere with the Anik satellites used by Star Choice. As a result, Shaw no longer considers this issue as a significant potential risk to Star Choice s DTH operations.

FINANCIAL POSITION

Overview

Total assets at February 28, 2003 were $8.2 billion compared to $8.5 billion at August 31, 2002. The following discussion describes the significant changes in the balance sheet since August 31, 2002.

Current assets decreased by $38.5 million principally due to a $28.5 million reduction in receivables arising from collection of miscellaneous accounts receivable, payment received on the Access Communications Inc. promissory note and a decrease in subscriber receivables.

Investments decreased by $48.0 million primarily due to the surrender of the Terayon shares on the settlement of SHELS V.

Property, plant and equipment decreased by $114.4 million primarily due to current year amortization being in excess of capital expenditures.

Deferred charges decreased by $26.7 million due to a $32.9 million decrease in foreign exchange losses on the translation of U.S. denominated debt as a result of the strengthening of the Canadian dollar since August 31, 2002, amortization of financing and other costs of $15.5 million and a net increase in equipment subsidies of $20.0 million.

Broadcast licenses decreased by $48.0 million primarily due to the $50.0 million loss provision charge recognized in respect of the U.S. cable systems.

Current liabilities (excluding current portion of long term debt) decreased by $26.7 million due to a reduction in accounts payable and accrued liabilities by $32.7 million primarily due to payment of significant capital expenditure accruals at August 31, 2002.

Shaw Communications Inc.

Long-term debt (including current portion) decreased by $107.8 million due to the net repayment of the Company s credit facilities of $20.2 million and a decrease of $87.7 million relating to the translation of the U.S. denominated debt.

Deferred credits increased by $31.6 million primarily due to a $39.3 million increase in foreign exchange gains on the translation of U.S. denominated debt which was offset by $5.9 million in amortization of prepaid IRU rental revenue. Future income taxes decreased by $13.7 million due to the future income tax recovery in the current year.

Share capital decreased by $90.5 million as a result of the settlement of the SHELS V equity linked debentures by delivery of the Terayon shares.

LIQUIDITY AND CAPITAL RESOURCES

The Company s financial condition continues to be a significant strength for Shaw. Our future liquidity depends on three factors, free cash flow from operations, access to available credit facilities and sale of non-strategic assets.

First, we have turned a significant corner towards our goal to becoming free cash flow by achieving net positive cash flow on a consolidated basis in the second quarter, and the Cable division is well on track to achieve $105 million of free cash flow in fiscal 2003. Further, the satellite division, including satellite services and DTH, has made significant progress in reducing its cash management requirements, and is making substantial progress towards becoming free cash flow positive. As we continue growing free cash flow, it will become an increasing source of liquidity.

Second, Shaw has access to approximately $1 billion of available credit facilities from its existing bank syndicate. In addition, during the quarter we refinanced Cancom s credit facility through a $350 million term loan obtained by Shaw from a new syndicate of banks, which includes a number of banks who are part of Shaw s main banking syndicate. Shaw invested the proceeds in preferred shares of Cancom which then used the funds to repay all outstanding amounts under Cancom s senior credit facility, which was then cancelled. The refinancing underscores the continued confidence that Shaw s lenders have in the Company and is expected to generate interest savings of approximately $5 million per year.

And finally, with respect to the sale of non-strategic assets to increase liquidity, Shaw has entered into agreements to sell its U.S. cable assets with approximately 71,000 subscribers for gross proceeds of $300 million. The transactions are expected to close on or after June 30th and proceeds from the sale will be used to repay debt. Subsequent to the quarter Shaw sold its Star Choice Business Television division for $6.5 million and its Cogeco Cable shares for $13.4 million.

With existing and anticipated strong growth in cash flow from operations, access to approximately $1 billion of available credit facilities and pending sale of the U.S. cable assets, Shaw is in an excellent position to finance its growth and at the same time improve its debt to cash flow ratios.

Shaw Communications Inc.

CASH FLOW

Operating Activities

	Three months ended February 28,				Six months ended February 28,			
	2003	**2002**	**Increase (decrease)**	**%**	**2003**	**2002**	**Increase**	**%**
($000s Cdn)								
Cash flow from operations	127,427	63,007	64,420	102.2	240,287	126,292	113,995	90.3
Net change in non-cash Working capital balances	10,134	75,637	(65,503)	(86.6)	24,778	(10,886)	35,664	327.6
	137,561	138,644	(1,083)	(0.8)	265,065	115,406	149,659	129.7

Cash flow from operations increased mainly as a result of the strong growth in profitability in the Cable and DTH divisions. Cash flow from working capital decreased over the comparative quarter primarily due to timing of accounts payable and accrued liabilities payments and the effect of receiving $30 million in the prior year quarter on settlement of amounts owing under the Access and Rogers transactions. Cash flow from working capital increased over the comparative six month period primarily due to timing of accounts payable and accrued liabilities payments.

Investing Activities

	Three months ended February 28,			Six months ended February 28,		
	2003	**2002**	**Decrease**	**2003**	**2002**	**Decrease**
($000s Cdn)						
Cash flow used in investing activities	(76,964)	(289,428)	212,464	(214,872)	(509,490)	294,618

During the three months ended February 28, the principal use of cash was for capital expenditures, equipment subsidies and inventory amounting to $73.2 million (2002 $275.2 million). In the six months ended February 28, 2003, the total cash outlay for these items was $214.3 million compared to $579.5 million in the same period last year. Last year s cash outflows were offset by proceeds of $89.5 million on the sale of CKY and WTN.

Financing Activities

	Three months ended February 28,			Six months ended February 28,		
	2003	**2002**	**Decrease**	**2003**	**2002**	**Decrease**
($000s Cdn)						
Cash flow provided by financing activities	(58,246)	176,353	(234,599)	(47,851)	419,695	(467,546)

During the current quarter, the cash used in financing activities was $58.2 million. This was comprised primarily of increased borrowings of $387.7 million offset by debt repayments of $414.0 million, decreased bank indebtedness of $18.1 million and dividend payments of $13.8 million. The $387.7 million increase in borrowings includes $35.0 million under Cancom s senior credit facility prior to cancellation and proceeds of $350.0 million received on Shaw s

Shaw Communications Inc.

new term loan. Shaw used the proceeds from the loan to invest in preferred shares of Cancom who in turn used the funds to repay the $324.0 million outstanding under its credit facility. In addition, Shaw repaid a total of $90.0 million under its credit facility.

During the six months ended February 2003, the cash used in financing activities was $47.9 million and was primarily comprised of current quarter financing activities described above offset by the $10.4 million of cash provided in the first quarter. The $10.4 million provided by financing activities was due to drawing $35.2 million under Cancom s credit facility, increased bank indebtedness of $15.8 million offset by a $30.0 million repayment under Shaw s facility and dividend payments of $11.6 million. In addition, $50.0 million was drawn under Shaw s facility in the first quarter to repay the $50.0 million Big Pipe facility.

During the quarter ended February 2002, financing activities provided $176.4 million in cash. This was comprised mainly of increased borrowings of $559.6 million offset by decreased bank indebtedness of $50.5 million, debt repayments of $319.6 million and dividend payments of $13.4 million. The $559.6 million of increased borrowings include draws under Cancom facilities of $75.0 million and issuance of US $300 million notes (net proceeds of approximately CDN $476.9 million)