DARTMOUTH, NS, May 2 /CNW/ - Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the first quarter ending
March 31, 2008.

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Highlights Strong financial results in the first quarter were due to organic growth in the broadcasting segment.

- Revenue of $21.7 million was $2.2 million, or 11% higher than last year; the increase was driven by same-station growth in the broadcasting segment.

- Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1)) of $3.2 million in the quarter were significantly higher than last year when there was lower investment income. EBITDA in the Broadcasting segment was 19% higher than 2007.

- Net income of $0.7 million was lower than the same quarter last year largely due to the significant gain on disposal of the Halterm Income Fund Trust Units realized in the first quarter of 2007.

Significant events

- The Company entered into an agreement with CTV Limited to acquire the remaining 50% of Metro Radio Group Inc. for $8.5 million, subject to Canadian Radio-television and Telecommunications Commission ("CRTC") approval. Metro Radio Group Inc. operates CKUL-FM in Halifax, Nova Scotia.

- Subsequent to quarter end, the Company entered into an agreement to acquire a 29.9% interest in a company that operates an FM station in Nova Scotia.

- The Company reformatted two significant stations in its portfolio. CIQX-FM in Calgary Alberta was changed from playing smooth jazz to become XL103-FM, "Calgary's Greatest Hits Radio", featuring Classic Hits from the 60's, 70's, and 80's and has been on air since early March. In late March, CKRA in Edmonton, Alberta changed to Capital-FM playing Classic Hits.

Rob Steele, President and Chief Executive Officer commented: "In 2007, we focused primarily on strengthening organic revenue and EBITDA. We are very pleased to see that those efforts are paying off in 2008 with the broadcasting
segment continuing to show strong organic increases." He further commented: "Our focus now is on launching our new FM stations in Sydney and Kentville, Nova Scotia as well as Fort McMurray, Alberta. We are also concentrating on improving results in our large markets in Alberta - Calgary and Edmonton. We continue to investigate new licence opportunities, whether through the CRTC licencing process or by acquisitions to enable us to continue with our growth strategy."

Financial Highlights - First Quarter

(thousands of dollars except share information)	2008	2007

Revenue	$ 21,738	19,518
EBITDA(1)	3,185	108
Net income	722	7,408
Earnings per share - basic	0.07	0.67
- diluted	0.06	0.64
Share price, NCC.A (closing)	20.00	18.75
Weighted average number of shares outstanding (in thousands)	11,091	11,134
Total assets	232,694	209,896
Long-term debt	64,499	40,280
Shareholders' equity	105,199	98,675

(1) Refer to page 12 for the reconciliation of EBITDA to net income.

Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of May 2, 2008. The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the Company's 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 March 31, 2008 and 2007 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2007 Annual Report. These documents along with the Company's Annual Information Form and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", and other similar terminology relate to, but are not limited to, our objectives, goals, plans, strategies, intentions, outlook and estimates. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Profile

The Company is one of Canada's leading radio broadcasters with 76 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming,

sales and networking.

Strategy and Objectives

The overall goal is to increase value for shareholders. To accomplish this, the Company seeks to achieve growth by adding new licences to its portfolio of assets through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process, by converting AM stations to FM, and by maximizing returns on existing operations. The section below describes some of the Company's developments to date.

Corporate Developments

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Review" section.

2008 developments

- March 3, 2008 - the Company re-launched CIQX-FM in Calgary as XL103-FM, "Calgary's Greatest Hits Radio", featuring classic music from the 60's, 70's, and 80's. Formerly, the station played smooth jazz.

- March 5, 2008 - the Company entered into an agreement with CTV Limited to acquire the remaining 50% interest in Metro Radio Group Inc. for $8.5 million, subject to CRTC approval. Metro Radio Group Inc. operates CKUL-FM in Halifax, Nova Scotia.

- March 28, 2008 - the Company re-launched Big Earl in Edmonton, Alberta. The station now known as Capital-FM plays Classic Hits and replaces the Country format.

- April 7, 2008 - the Company entered into an agreement to purchase a 29.9% interest in a company which operates an FM radio station in Nova Scotia. The transaction is expected to close by the end of June 2008.

2007 developments

- February 1, 2007 - the CRTC approved the Company's application to convert its AM signal to FM in Edson, Alberta. The Classic Hits FM station was launched in July 2007.

- March 19, 2007 - the Company successfully launched the new Calgary, Alberta FM station, FUEL 90.3, featuring a Classic Alternative format.

- April 4, 2007 - the Company's request to convert its AM station in Halifax, Nova Scotia to FM was approved. The CRTC imposed certain conditions associated with this approval. The Company is currently considering its options with respect to the conditions.

- May 16, 2007 - the Company acquired the minority shareholder's 23.7% interest in 3937844 Canada Inc. for cash consideration of $10.7 million. 3937844 Canada Inc. owns and operates 21 of the Company's 33 licences throughout the province of Alberta.

- July 4, 2007 - the Company received approval by the CRTC to convert its AM licence to FM in Carbonear, Newfoundland and Labrador. The FM

station launched early in 2008.

- July 6, 2007 - the CRTC approved the Company's application for two new FM licences in Nova Scotia, one in Sydney and one in Kentville. The work required to launch these stations is in progress with official launches expected by June 30, 2008.

- October 1, 2007 - the Company acquired the 37.8% non-controlling interest in Atlantic Stereo Limited which operates the two FM licences in Moncton, New Brunswick for cash consideration of $6.9 million.

- December 6, 2007 - the CRTC approved a power increase from 1,300 watts to an average effective radiated power of 60,200 watts related to the Company's CHNK-FM licence in Winnipeg, Manitoba. This will allow the licence to be accessible to a larger listening audience, improving its marketability to prospective clients. Work to increase power coverage is underway; completion is expected by the end of the 2008 third quarter.

- December 14, 2007 - the CRTC approved the removal of certain format restrictions on the Company's CIQX-FM licence in Calgary, Alberta. The Company is no longer required to adhere to a strict music format with limited audience appeal.

The results of the above acquired or launched stations have been included in the consolidated financial statements since the respective acquisition and launch dates.

Consolidated Financial Review

Revenue

In the quarter, consolidated revenue of $21.7 million was $2.2 million or 11% higher than last year; this improvement came exclusively from the broadcasting segment.

Other income (expense)

Other income for the quarter of $0.9 million was better than last year's net expense of $1.5 million due to fluctuations in the valuation of the Company's marketable securities.

Operating expenses

Consolidated operating expenses of $19.5 million were $1.6 million or 9% higher than the first quarter last year. The increase came primarily from higher costs in the broadcasting segment.

Earnings before interest, taxes, depreciation and amortization ("EBITDA" (1))

Consolidated EBITDA in the quarter of $3.2 million was significantly higher than last year's $0.1 million due to improved operations as well as higher investment income.

Additional details on revenue, other income, operating expenses and EBITDA are described in the section entitled "Financial Review by Segment".

Depreciation and amortization

In the quarter, depreciation and amortization expense was $0.1 million or 8% higher compared to 2007; a result of an increased depreciable asset base.

Interest expense

Interest expense in the first quarter was $0.2 million higher than the prior year due to the Company's higher debt levels as compared to the first quarter last year.

Accretion of other liabilities

Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. The expense in the quarter of $0.2 million was on par with accretion recognized in the first quarter last year.

Loss on equity accounted investment

The Company's 29.9% interest in Larche Communications (Kitchener) Inc. was sold on April 12, 2007. The Company's proportionate share of the losses realized up to the sale date was included in net income.

Gain on Disposal of long-term investment

On January 19, 2007, the Halterm Income Fund Trust Units were disposed of for proceeds of $14.5 million which resulted in a gain of $10.8 million.

Income taxes

The effective income tax rate of 32% this quarter (2007 - 17%) was lower than the statutory rate of 36% (2007 - 38%) because the net capital gains were taxed at one-half the normal tax rate.

Non-controlling interest in subsidiaries' earnings

In the prior period, non-controlling interest in subsidiaries' earnings represented the 23.7% that Standard Radio Inc. held in 3937844 Canada Inc. and the 37.8% that minority shareholders had in Atlantic Stereo Limited. The Company acquired both of these minority interests in 2007. Non-controlling interest accounting was no longer required as of the acquisition dates.

Net income

First quarter net income of $0.7 million was significantly lower than the prior year due to last year's gain on disposal of the long-term investment described above.

Other comprehensive income ("OCI")

OCI consists of the net change in the fair value of the Company's cash flow hedges and assets available-for-sale. Cash flow hedges include interest

rate swaps and an equity total return swap. The net change in the fair value of the interest rate swaps recorded in OCI in the quarter was an after-tax expense of $0.4 million. The net change in the fair value of the equity total return swap recorded in OCI was an after-tax expense of $0.1 million. The asset available-for-sale was made up of the Halterm Income Fund Trust Units which were disposed of in January 2007. The disposition resulted in an after-tax gain of $8.9 million which was transferred from OCI to net income in
the first quarter of 2007.

Financial Review by Segment

Consolidated financial figures include the results of operation of the Company's two separately reported segments - Broadcasting and Corporate and other. The Company provides information about segment revenue, segment EBITDA and operating income because these financial measures are used by its key decision makers in making operating decisions and evaluating performance. For additional information about the Company's segmented information, see Note 9 of the Company's unaudited interim consolidated financial statements.

Financial Results by Segment (thousands of dollars, except percentages)	2008	2007	Growth
Revenue			
Broadcasting	$ 21,002	18,728	12%
Corporate and other	736	790	(7%)
Consolidated revenue	21,738	19,518	11%
Other income (expense)			
Corporate and other	934	(1,500)	-
Consolidated revenue and other income	22,672	18,018	26%
Operating expenses			
Broadcasting	17,072	15,413	11%
Corporate and other	2,415	2,497	(3%)
Consolidated operating expenses	19,487	17,910	9%
EBITDA			
Broadcasting	3,930	3,315	19%
Corporate and other	(745)	(3,207)	-
Consolidated EBITDA	$ 3,185	108	-

EBITDA Margins	2008	2007	Growth
Broadcasting	19%	18%	1%

Consolidated	14%	1%	13%

Broadcasting segment

The Broadcasting segment derives its revenue from the sale of broadcast advertising from its 76 licences across the country. The performance of all reporting units within this segment is evaluated based on the same financial measure - EBITDA.

Broadcasting revenue in the quarter of $21.0 million was $2.3 million or 12% better than last year. 11% of this increase came from organic (same-station) growth. The most significant contributors to organic growth were the Ottawa, Ontario radio stations with a 39% increase over the same period last year while the stations in Alberta posted solid increases as well with a 12% improvement over 2007. Incremental revenue was generated by the Calgary, Alberta FM licence, launched in March 2007, and the new FM in Lac La Biche, Alberta launched in December 2007.

Radio revenue throughout major markets in Canada is measured by The Trans-Canada Radio Advertising by Market ("TRAM"). When comparing growth rates
to those reported by TRAM for the three months ended March 31, 2008, the Company is outpacing the industry's 10% growth rate.

For the quarter, broadcasting operating expenses were $17.1 million, up $1.7 million or 11% over last year. Variable costs were higher, in line with the increased broadcasting revenue, and overall expenses were impacted slightly by inflation. During the quarter, the Company re-launched two FM stations which resulted in increased spending. As previously disclosed, the Calgary, Alberta FM station was re-formatted as XL103-FM. The Company also re-formatted Big Earl in Edmonton, Alberta as Capital-FM. These activities required spending on research and marketing which contributed to increased operating expenses. Incremental expenses associated with the new licences, FUEL-FM in Calgary, Alberta and Big Dog in Lac La Biche, Alberta, also accounted for 3% of the total increase.

Broadcasting EBITDA in the first quarter of $3.9 million improved by $0.6 million or 19%. Organic EBITDA growth was the reason for the increase. Leading the way in same-station improvements were our properties in Ottawa, Ontario where last year's EBITDA was doubled, the stations in Alberta which posted an 18% increase over 2007, and the Atlantic region also improved by 11%.

Broadcasting EBITDA margins were up by 1%, reaching 19% for the quarter. Overall, the Company delivered on its goal to continuously improve organic results.

Corporate and other segment

The Corporate and other segment derives its revenue from hotel operations.
Corporate and other also includes other income and expenses attributed to head
office functions and investment income from the Company's portfolio of marketable securities; the results of which are heavily dependent on market conditions.

Corporate and other revenue in the first quarter of $0.7 million was $0.1 million or 7% lower than last year, due to a slight decrease in hotel revenue.

Other income is solely derived from this operating segment. It consists of realized and unrealized gains and losses related to marketable securities, interest, dividends and distributions from investments. This quarter's other income of $0.9 million was much better than the $1.5 million expense last year. Other income in the first quarter of 2007 was impacted by declines in value of marketable securities of $1.6 million while this quarter the values of marketable securities improved $0.8 million.

Corporate and other operating expenses of $2.4 million were down from $2.5 million in 2007. The primary reason for the decrease was lower costs associated with the executive stock option plan.

First quarter corporate and other EBITDA was better than the same period last year by $2.5 million primarily because of the positive fluctuation in the valuation of marketable securities.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending while the fourth quarter is a period of higher retail spending. Other factors affecting the variability of net income in the quarters presented below are as follows. In 2006, an $8.7 million gain realized on marketable securities positively affected the second quarter while the third quarter was negatively impacted by a $1.6 million decline in the value of marketable securities. The 2007 first quarter's net income was impacted by the $10.8 million gain on disposal of the Halterm Income Fund Trust Units and the second quarter was affected by the $3.8 million gain on disposal of the equity accounted investment in Larche Communications (Kitchener) Inc.

(thousands of dollars except per share data)	2008	2007				2006		
	1st	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	$ 21,738	27,736	25,405	26,159	19,518	28,064	22,788	24,522
Net income	722	5,766	1,332	5,807	7,408	3,285	9	7,506
Earnings per share								
- Basic	0.07	0.52	0.12	0.53	0.67	0.29	0.00	0.67
- Diluted	0.06	0.50	0.12	0.51	0.64	0.28	0.00	0.65

Liquidity and capital resources

Selected cash flow information - three months ended March 31, 2008

Total cash inflows for the quarter aggregated $4.7 million and they were used primarily to pay dividends of $1.7 million and to purchase property and equipment of $1.6 million.

Selected cash flow information - three months ended March 31, 2007

The proceeds of $14.5 million from the disposal of the Halterm Income Fund Trust Units and from the $2.8 million employee share purchase loan repayment were used to repay $13.5 million of long-term debt and to purchase $1.0 million of property and equipment.

Expenditures in capital assets in the first quarter were due to the upcoming new station launches in Sydney and Kentville, Nova Scotia and Fort McMurray, Alberta. Last year's first quarter capital expenditures were primarily a result of the launch of FUEL-FM in Calgary, Alberta.

The Company expects its level of cash flow and the availability of its credit facility to be sufficient to fund working capital, capital expenditures, contractual obligations, the purchase commitments previously disclosed and other cash requirements as described above.

Credit facility and capital structure

The Company's syndicated credit facility has not changed since the publication of the 2007 Annual Report. The revolving credit facility will be renewed prior to the maturity date in June 2010. This type of credit facility provides flexibility because there are no scheduled repayment terms. Covenants for the facility require that the Company maintain certain financial ratios. The Company was in compliance with the covenants throughout the quarter and at quarter end, and expects to be for the foreseeable future. As at March 31, 2008 the Company had $2.3 million of current bank indebtedness outstanding and $64.5 million of long-term debt, of which less than $0.1 million was current. Working capital was $16.6 million compared to $13.6 million as at December 31, 2007; the improved working capital balance was due to the decrease in current liabilities.

Commitments and Contractual Obligations

In addition to the Company's contractual obligations disclosed in the 2007 Annual Report, the Company has purchase commitments in 2008 for consideration of $8.5 million and $1.0 million as described under the "Corporate Developments" section.

Off-Balance Sheet Arrangements

The Company's off-balance sheet arrangements consist of operating leases. Other than these, which are considered in the ordinary course of business, the Company does not have any other off-balance sheet arrangements and does not expect to enter into any other such arrangement other than in the ordinary course of business.

Financial Condition

Capital employed and capital structure

Assets at quarter end totalled $232.7 million, up from $231.3 million at December 31, 2007 primarily due to increased capital assets. At quarter end the capital structure consisted of 45% equity ($105.2 million) and 55% debt ($127.5 million). Total bank debt is 64% of equity, compared to the year end ratio of 59%. The total bank debt to EBITDA ratio, calculated in accordance with the Company's credit facility, was 3.3 to 1.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up
to 491,630 Class A Subordinate Voting Shares ("Class A shares") and 62,906 Class B Common Shares. This bid expires February 7, 2009. The Company did not repurchase any of its outstanding Class A shares in the first quarter this year. In 2007, pursuant to the Normal Course Issuer Bid, the Company repurchased 198,800 Class A shares for a total cost of $3.7 million which reduced capital stock by $0.8 million and retained earnings by $2.9 million.

Outstanding share data

The weighted average number of shares outstanding was 11,091,000 as compared to last year's 11,134,000; the reduction mainly due to the exercise of Class A shares pursuant to the Company's executive stock option plan. In April 2008, the Company repurchased 100,000 Class A shares pursuant to the Normal Course Issuer Bid for a total cost of $1.8 million. As at May 2, 2008, there are 9,732,619 Class A shares and 1,258,121 Class B Common Shares outstanding.

Executive Compensation

Executive stock option plan

Compensation expense related to executive stock options for the three months ended March 31, 2008 was less than $0.1 million (2007 - $0.1 million). Refer to Note 3 of the unaudited interim consolidated financial statements for
further details relating to the executive stock option plan.

Stock appreciation rights plan

For the quarter ended March 31, 2008, the compensation expense related to stock appreciation rights ("SARs") was $0.1 million (2007 - $0.1 million) and the total obligation included in other liabilities was $0.8 million (2007 - $0.2 million). Refer to Note 5 of the unaudited interim consolidated financial
statements for further details relating to SARs.

Adoption of new accounting policies

Effective January 1, 2008, the Company adopted the recommendations of the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections: Section 1535 Capital Disclosures, Section 3862 Financial Instruments
- Disclosures and Section 3863 Financial Instruments - Presentation. The changes in the accounting policies relate to disclosure and presentation only and did not have an impact on the Company's financial results.

Section 1535 Capital Disclosures

This Section requires disclosure on information about the entity's objectives, policies and processes for managing capital and whether the entity has complied with externally imposed capital requirements.

Section 3862 Financial Instruments - Disclosures &
Section 3863 Financial Instruments - Presentation

These Sections replace Section 3861 Financial Instruments - Disclosure and Presentation by revising and enhancing disclosure requirements while carrying forward the presentation requirements. The Sections increase the emphasis on disclosing the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Refer to Note 7 of the unaudited interim consolidated financial statements for further details respecting the impact of adopting these new disclosure requirements.

Derivative Financial Instruments and Financial Risk Management

Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with a Canadian chartered bank. The swap agreements expire between February 2009 and February 2011 and involve the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The aggregate notional amount of the swap agreements was $45.0 million (2007 - $25.0 million). The Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated at March 31, 2008, was $0.7 million (2007 - $0.1 million). The before-tax unrealized expense related to the swap agreements recognized in OCI for the three months ended March 31, 2008 was $0.6 million (2007 - unrealized income of $0.1 million). Refer to Note 7 of the unaudited interim consolidated financial statements for further details relating to interest rate risk management.

Share price volatility management

In July 2006, the Company entered into an agreement to hedge its obligations under the stock appreciation rights plan using an equity total return swap agreement to reduce the volatility in cash flow and earnings due to possible future increases in the Company's share price. Gains or losses realized on the quarterly settlement dates are recognized in income in the same period as the SARs compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in OCI until such time as the hedged item affects net income. If at any time, the hedge is

deemed to be ineffective or the hedge is terminated or de-designated, gains or
losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of the equity total return swap receivable at March 31, 2008 was $1.0 million (2007 - $0.5 million). The change in the fair value of the swap for the first quarter recognized in OCI was $nil (2007 - before-tax gain of $0.6 million). Before-tax realized gains of $0.1 million were transferred from OCI to net income (2007 - $0.1 million). Refer to Note 7 of the unaudited interim consolidated financial statements for further details relating to share price volatility management.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. As such, it would be difficult to predict changes to stock prices and the impact it may have on net income. In order to minimize the risk associated with changes in the share
price of any one particular investment, the Company diversifies its portfolio by investing in various stocks in varying industries. The Company has no exposure with regard to asset-backed instruments.

Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment of an unrealized gain fails to perform. Credit exposure is managed through credit approval and monitoring procedures. The Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks. At March 31, 2008 and 2007, there was minimal credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize credit risk. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses. Refer to Note 7 of the unaudited interim consolidated
financial statements for further details relating to credit risk management.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low. Refer to Note 7 of the unaudited interim consolidated financial statements for additional information on the Company's

liquidity risk, including a schedule of contractual maturities.

Capital Management

The Company defines its capital as shareholders' equity excluding accumulated other comprehensive income. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and
makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and Senior Management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Refer to Note 7 of the unaudited interim consolidated financial statements for
further details on capital management and externally imposed capital requirements.

Future Accounting Policy Changes

In January 2006, the Accounting Standards Board ("AcSB") approved its strategic plan for financial reporting in Canada. For publicly reportable enterprises, Canadian generally accepted accounting principles ("GAAP") will converge with International Financial Reporting Standards ("IFRS") over a five
year period between 2006 and 2011 after which Canadian GAAP will be replaced altogether by IFRS. The Company will continue to monitor the effects of this transition.

Subsequent Event

On April 7, 2008, the Company entered into an agreement to purchase a 29.9% interest in a company that operates an FM radio station in Nova Scotia for $1.0 million. In addition, the Company has an agreement to purchase the remaining 70.1% interest in future, for $2.4 million, subject to CRTC approval. The impact of this future transaction on the Company's net assets cannot be estimated at this time.

Critical Accounting Estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2007 Annual Report.

Risks and Opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2007 Annual Report.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred in the three months ending March 31, 2008 that have materially affected, or are likely to materially affect, the Company's

internal controls over financial reporting.

Outlook

The Company remains focused on its key priorities:

- Growth by acquisitions;
- Growth by new licences;
- Conversions of AM to FM licences; and,
- Growth through margin expansion on existing assets.

Management will be selective in its review of all acquisition opportunities ensuring all opportunities are accretive to the Company in the short-term.

The Company will increase its portfolio of broadcast licences by making compelling presentations to the CRTC for new licences. Hearings will take place for new FM licences for Winnipeg, Manitoba and Drumheller, Alberta in the second quarter of 2008. The Company is awaiting the CRTC decision on its application for an FM licence in Peterborough, Ontario and presented its application for FM licences in Vancouver and Chilliwack, British Columbia during the first quarter.

The Company will continue its successful track record of converting existing AM stations to FM. Conversions build shareholder value quickly.

Management remains focused on generating higher revenues and controlling costs with the objective of increasing broadcasting EBITDA margins. The primary focus will be on the newly re-formatted stations in Edmonton and Calgary, Alberta.

In the next quarter the Company expects to have the new FM stations in Fort McMurray, Alberta and Sydney and Kentville, Nova Scotia launched. The increased power coverage of CHNK-FM in Winnipeg, Manitoba will be completed within the next six months.

The Company remains committed to another key pillar of its corporate strategy by being actively involved in the local communities and working in partnership with community groups to ensure its radio properties remain locally focused.

Non-GAAP Measure

(1) EBITDA is defined as net income excluding depreciation and amortization expense, interest expense, accretion of other liabilities, loss on equity accounted investment, gain on disposal of long-term investment, provision for income taxes and non-controlling interest in subsidiaries' earnings. A calculation of this measure is as follows:

	Three months ended March 31	
(thousands of dollars)	2008	2007
Net income	$ 722	7,408
Non-controlling interest in subsidiaries' earnings	-	102
Provision for income taxes	339	1,566
Gain on disposal of long-term investment	-	(10,843)
Loss on equity accounted investment	-	14

Accretion of other liabilities	242	240
Interest expense	928	738
Depreciation and amortization expense	954	883
EBITDA	$ 3,185	108

This measure is not defined by Generally Accepted Accounting Principles and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises. The Company has included this measure because the Company's key decision makers believe certain investors use it as a measure of the Company's financial performance and for valuation purposes. The Company also uses this measure internally to evaluate the performance of management.

Newfoundland Capital Corporation Limited

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months ended March 31, 2008 and 2007

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

The accompanying unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2008 and 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 consolidated 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 2nd day of May, 2008

Interim Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	March 31 2008	December 31 2007
ASSETS		
Current assets		
Marketable securities	$ 19,407	16,167
Receivables	17,190	21,351
Prepaid expenses	1,246	966
Other assets	759	614
Future income tax assets	3,181	2,703
Total current assets	41,783	41,801
Property and equipment	36,027	35,234
Other assets	4,913	4,642

Broadcast licences	143,424	143,245
Goodwill	4,859	4,859
Future income tax assets	1,688	1,515
	$ 232,694	231,296

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Bank indebtedness	$ 2,284	1,117
Accounts payable and accrued liabilities	15,251	18,053
Dividends payable	-	1,664
Income taxes payable	7,566	7,313
Current future income tax liabilities	27	-
Current portion of long-term debt	23	23
Total current liabilities	25,151	28,170
Long-term debt	64,499	61,005
Other liabilities	19,913	19,665
Future income tax liabilities	17,932	17,504
Shareholders' equity	105,199	104,952
	$ 232,694	231,296

Commitments (note 7)
Subsequent event (note 10)
See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Income
(unaudited)

	Three months ended March 31	
(thousands of dollars except per share data)	2008	2007
Revenue	$ 21,738	19,518
Other income (expense)	934	(1,500)
	22,672	18,018
Operating expense	19,487	17,910
Depreciation	808	775
Amortization of deferred charges	146	108
Operating income (expense)	2,231	(775)
Interest expense (note 7)	928	738
Accretion of other liabilities (note 7)	242	240
Loss on equity accounted investment	-	14
Gain on disposal of long-term investment (note 7)	-	(10,843)
	1,061	9,076
Provision for income taxes	339	1,566
	722	7,510

	2008	2007
Non-controlling interest in subsidiaries' earnings	-	102
Net income	$ 722	7,408
Earnings per share (note 8)		
- basic	$ 0.07	0.67
- diluted	0.06	0.64

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of dollars)	Three months ended March 31 2008	2007
Retained earnings, beginning of period	$ 59,621	45,525
Net income	722	7,408
Repurchase of capital stock (note 3)	-	(2,890)
Retained earnings, end of period	60,343	50,043
Capital stock	43,345	42,499
Contributed surplus (note 4)	1,813	2,185
Accumulated other comprehensive income (loss)	(302)	211
Total shareholders' equity	$ 105,199	94,938

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Comprehensive Income
(unaudited)

(thousands of dollars)	Three months ended March 31 2008	2007
Net income	$ 722	7,408
Other comprehensive income (loss):		
Net change in fair values of cash flow hedges (note 7)		
Net change in fair value of interest rate swaps	(578)	51
Net change in fair value of equity total return swap	(145)	473
Income tax recovery (expense) on changes in fair values of interest rate swaps and		

equity total return swap	213	(190)
	(510)	334
Net change in fair value of asset available for sale (note 7)		
Realized gain on disposal of Halterm Income Fund Trust Units transferred to net income, net of income taxes of $1,952	-	(8,891)
Other comprehensive loss	(510)	(8,557)
Comprehensive income (loss)	$ 212	(1,149)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statement of Accumulated Other Comprehensive Income
(unaudited)

(thousands of dollars)	Three months ended March 31 2008	2007
Accumulated other comprehensive income, beginning of period	$ 208	-
Transition adjustment for cash flow hedges, net of income tax recovery of $77 (note 7)	-	(123)
Transition adjustment for unrealized gain associated with available for sale investment, net of income taxes of $1,952 (note 7)	-	8,891
Accumulated other comprehensive income, beginning of period	208	8,768
Other comprehensive loss for the period	(510)	(8,557)
Accumulated other comprehensive income (loss), end of period	$ (302)	211

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Cash Flows
(unaudited)

(thousands of dollars)	Three months ended March 31 2008	2007
Operating Activities		
Net income	$ 722	7,408
Items not involving cash		
Depreciation and amortization	954	883

Future income taxes	17	(430)
Gain on disposal of long-term investment (note 7)	-	(10,843)
Executive stock-based compensation plans (notes 3 and 5)	118	199
Accretion of other liabilities (note 7)	242	240
Non-controlling interest in subsidiaries' earnings	-	102
Other	(187)	(165)
	1,866	(2,606)
Change in non-cash working capital relating to operating activities	(2,145)	(937)
	(279)	(3,543)
Financing Activities		
Change in bank indebtedness	1,167	2,759
Long-term debt borrowings	3,500	-
Long-term debt repayments	(6)	(13,491)
Issuance of capital stock (note 3)	-	32
Dividends paid	(1,664)	(1,680)
Other	-	(605)
	2,997	(12,985)
Investing Activities		
Property and equipment additions	(1,601)	(997)
Canadian Content Development commitment Payments	(486)	(297)
Proceeds from disposal of Halterm Income Fund Trust Units	-	14,547
Deferred charges	(374)	(376)
Employee share purchase loan repayment	-	2,826
Other	(257)	825
	(2,718)	16,528
Cash, beginning and end of period	-	-
Supplemental Cash Flow Information		
Interest paid	$ 860	871
Income taxes paid	72	565

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements - March 31, 2008 and 2007 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2007 annual financial statements. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all of the information and disclosures required by GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes contained in the Company's 2007 Annual Report.

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. Because of this, revenue and net income are generally lower than the other quarters.

The Company's accounting policies have remained unchanged since the 2007 Annual Report with the exception of the adoption of new accounting policies described in Note 2.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the recommendations of the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections: Section 1535 Capital Disclosures, Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation. The changes in the accounting policies relate to disclosure and presentation only and did not have an impact on the Company's financial results.

Section 1535 Capital Disclosures

This Section requires disclosure on information about the entity's objectives, policies and processes for managing capital and whether the entity has complied with externally imposed capital requirements.

Section 3862 Financial Instruments - Disclosures & Section 3863 Financial Instruments - Presentation

These Sections replace Section 3861 Financial Instruments - Disclosure and Presentation by revising and enhancing disclosure requirements while carrying forward the presentation requirements. The Sections increase the emphasis on disclosing the nature and extent of risks arising from financial instruments and how the entity manages those risks.

3. CAPITAL STOCK

The Company has approval under a Normal Course Issuer Bid to repurchase up to 491,630 Class A Subordinate Voting Shares ("Class A shares") and 62,906 Class B Common Shares. This bid expires February 7, 2009. The Company did not repurchase any of its outstanding Class A shares in the first quarter this year. In 2007, pursuant to the Normal Course Issuer Bid, the Company repurchased 198,800 Class A shares for a total cost of $3,737,000 which reduced capital stock by $847,000 and retained earnings by $2,890,000. The cost of $3,737,000 was not paid until April 2007 and therefore, it was recorded in accounts payable as at March 31, 2007.

Pursuant to the executive stock option plan, 35,000 options were granted at a weighted average exercise price of $19.99 in the first quarter. No options were granted in the first quarter of 2007. The options vest at a rate of twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates and the options expire March 10, 2013. No options were exercised in the first quarter. In 2007, 3,750 options were exercised for proceeds of $32,000. Compensation expense related to stock options for the three months ended March 31, 2008 was $35,000 (2007 - $102,000).

4. CONTRIBUTED SURPLUS

(thousands of dollars)	
Balance, January 1, 2007	$ 2,093
Executive stock option plan compensation expense	102
Value of options exercised	(10)
Balance, March 31, 2007	2,185
Executive stock option plan compensation expense	321
Value of options exercised	(693)
Balance, March 31 2008	$ 1,813

5. STOCK APPRECIATION RIGHTS

In January 2006, the Company granted 425,000 stock appreciation rights ("SARs") at a reference price of $16.53. On March 2, 2007, 5,000 SARs were granted at a reference price of $18.41 and on August 9, 2007, 85,000 SARs were granted at a reference price of $19.91. As at March 31, 2008, 70,000 SARs have expired. The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five. The rights are exercisable as they vest. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company's Class A shares and the reference price. All SARs granted under this plan expire on the 60th day following the 5th anniversary of the grant date. For the quarter ended March 31, 2008, the compensation expense related to SARs was $83,000 (2007 - $97,000) and the total obligation included in other liabilities was $840,000 (2007 - $200,000).

6. EMPLOYEE BENEFIT PLANS

	Three months ended March 31	
(thousands of dollars)	2008	2007
Defined contribution plans expense	$ 348	320
Defined benefit plans expense	126	126

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments are categorized and measured as follows:

Asset / Liability	Classification	Measurement
Cash and bank indebtedness	Held for trading	Fair value
Marketable securities	Held for trading	Fair value
Investment in Halterm Income Fund Trust Units	Available-for-sale	Fair value
Receivables	Loans and receivables	Amortized cost using EIM
Note receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using EIM
Long-term debt	Other liabilities	Amortized cost using EIM
Canadian Content Development commitments, included in other liabilities	Other liabilities	Amortized cost using EIM

Because marketable securities and cash are able to be settled in the near term, they meet the criteria required to classify them as held for trading. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. The fair value of marketable securities is based on the quoted share prices in active markets. For the quarter ended March 31, 2008, the change in fair value of marketable securities, recognized in other income in the consolidated statements of income, was a gain of $700,000 (2007 - loss of $1,300,000). There was no transitional adjustment required for marketable securities upon adoption of this accounting policy in January 2007 because the securities' carrying value was equal to the fair value on that date as a result of measuring these investments at the lower of cost or market on December 31, 2006.

On January 1, 2007, the investment in Halterm Income Fund Trust Units was classified as an asset available for sale because the Company was going to dispose of it on January 19, 2007 for proceeds of $14,547,000. It was measured at fair value based on the quoted unit price in active markets, resulting in an unrealized gain of $10,843,000 ($8,891,000 after-tax). This unrealized gain was recognized in other comprehensive income ("OCI") and in accumulated other comprehensive income ("AOCI") as a transition adjustment. Upon the disposal of the investment, the gain was realized and transferred from OCI and included in net income.

The financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using the effective interest method ("EIM"). Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument. Interest income

was minimal because the $2,826,000 employee share purchase loan was repaid in January 2007. Interest expense on long-term debt for the first quarter was $867,000 (2007 - $640,000). First quarter accretion expense on Canadian Content Development commitments ("CCD") aggregated $242,000 (2007 - $240,000), based on EIM rates ranging from 8.9% to 14.3%.

Current assets and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the floating interest rate is reflective of the market interest rate available to the Company.

Transaction costs directly attributable to financial instruments classified as other than held for trading are included in the initial carrying value of such instruments and are amortized using EIM.

The Company conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the balance sheet at fair value. The Company's policy is to recognize embedded derivatives on the consolidated balance sheet, when applicable. Because there are no embedded derivatives at this time, this rule has no impact on the consolidated financial statements of the Company.

The Company's risk management objectives and procedures are described below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. As such, it would be difficult to predict changes to stock prices and the impact it may have on net income. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various stocks in varying industries. The Company has no exposure with regard to asset-backed instruments.

Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with a Canadian chartered bank. The swap agreements expire between February 2009 and February 2011 and involve the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The aggregate notional amount of the swap agreements was $45,000,000 (2007 - $25,000,000). The Company formally assesses effectiveness of the swaps at

inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated at March 31, 2008, was $668,000 (2007 - $102,000). The before-tax unrealized expense related to the swap agreements recognized in OCI for the three months ended March 31, 2008 was $613,000 (2007 - unrealized income of $57,000). Of this amount, realized before-tax expenses aggregating $35,000 were transferred to net income (2007 - income of $6,000). OCI income tax for the quarter on these swaps was a recovery of $163,000 (2007 - expense of $20,000). The accumulated loss at January 1, 2007 of $153,000 was recorded, net of income tax recoveries of $60,000, as a transition adjustment to opening AOCI.

Share price volatility risk management

In July 2006, the Company entered into a cash-settled equity total return swap agreement to manage its exposure to fluctuations in its stock-based compensation costs related to the SAR plan. Compensation costs associated with SARs fluctuate as a result of changes in the market price of the Company's Class A shares. The Corporation entered into this swap for a total of 425,000 notional Class A shares with a hedged price of $17.55.

The swap expires July 2011; however, the Company may elect to terminate the agreement prior to that date if the Class A share market price is equal to or less than the SARs' reference price of $16.53. The swap is settled on every quarterly settlement date. If the Company's share price is in excess of the hedged price on the settlement date, the Company is entitled to receive the difference per share, and if the Company's share price is less than the hedged price, the Company is obligated to pay the difference per share. A settlement date can automatically be triggered if the share price drops by 10% or more since the last scheduled settlement date. In this event, the Company must cash settle on that date based on that day's share price; however, on the quarterly settlement date if the share price has rebounded, the Company is reimbursed an amount equal to the difference between the hedged price and the share price which triggered the automatic settlement.

The swap includes an interest and dividend component. Interest is accrued and payable by the Company on quarterly settlement dates. Any dividends paid on the Class A shares are reimbursed to the Company on the quarterly settlement dates.

In order to qualify for hedge accounting, there must be reasonable assurance that the instrument is and will continue to be an effective hedge. At the inception of the hedge and on an ongoing basis, the Company formally assesses and documents whether the hedging relationship is effective in offsetting changes in cash flows of the hedged item. Gains or losses realized on the quarterly settlement dates are recognized in other income in the same period as the SARs compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in OCI until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of the equity total return swap receivable at March 31, 2008 was $1,041,000 (2007 - $510,000); of which $759,000 was current (2007 - $127,000). The change in the fair value of the swap for the first quarter recognized in OCI was $nil (2007 - before-tax gain of $557,000). Before-tax realized gains of $145,000 were transferred from OCI to net income (2007 - $84,000). OCI income tax recognized for the quarter on this swap was a recovery of $50,000 (2007 - expense of $170,000). The accumulated loss at January 1, 2007 related to this cash flow hedge was $47,000 and was recorded, net of income tax recoveries of $17,000, as a transition adjustment to opening AOCI.

Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment of an unrealized gain fails to perform. Credit exposure is managed through credit approval and monitoring procedures. The Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks. At March 31, 2008 and 2007, there was minimal credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize credit risk. Approximately 85% of trade receivables are outstanding for less than 90 days. The Company does not require collateral or other security from clients for trade receivables; however the Company does perform credit checks on customers prior to extending credit. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses which totaled $1,182,000 as at March 31, 2008. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

The Company's liabilities have contractual maturities which are summarized below:

Obligation (thousands of dollars)		12 months	1-5 years	There-after
Long-term debt	$	23	64,499	-

CCD commitments	2,907	11,820	533
Operating leases	2,912	9,579	8,576
Purchase considerations payable	9,500	2,400	-
	$ 15,342	88,298	9,109

The revolving credit facility matures June 2010; however, the Company intends to renew the revolving credit facility prior to maturity and as a result, there will be no scheduled repayments. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms.

The purchase considerations payable consist of two separate transactions. In March 2008, the Company entered into an agreement with CTV Limited to acquire the remaining 50% of Metro Radio Group Inc. for $8,500,000, subject to Canadian Radio-television and Telecommunications Commission ("CRTC") approval. The remaining $1,000,000 current commitment and future $2,400,000 commitment are a subsequent event described in Note 10.

Capital Management

The Company defines its capital as shareholders' equity excluding accumulated other comprehensive income. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and Senior Management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders.

To comply with Federal Government directions, the Broadcasting Act and regulations governing radio stations (the "Regulations"), the Company has imposed restrictions respecting the issuance, transfer and, if applicable, voting of the Company's shares. Restrictions include limitations over foreign ownership of the issued and outstanding voting shares. Pursuant to such restrictions, the Company can prohibit the issuance of shares or refuse to register the transfer of shares or, if applicable, prohibit the voting of shares in circumstances that would or could adversely affect the ability of the Company, pursuant to the provisions of the Regulations, to obtain, maintain, renew or amend any licence required to carry on any business of the Company, including a licence to carry on a broadcasting undertaking, or to comply with such provisions or with those of any such licence.

The Company is subject to certain covenants on its credit facility. Financial projections are updated and reviewed regularly to reasonably ensure that financial debt covenants will not be breached in future periods. The Company monitors the covenants and foreign ownership status of the issued and outstanding voting shares and presents this information

to the Board of Directors quarterly. The Company was in compliance with the above as at March 31, 2008 and expects to be for the foreseeable future.

8. EARNINGS PER SHARE

(thousands)	Three months ended March 31 2008	2007
Weighted average common shares used in calculation of basic earnings per share	11,091	11,134
Incremental common shares calculated in accordance with the treasury stock method	341	400
Weighted average common shares used in calculation of diluted earnings per share	11,432	11,534

9. SEGMENTED INFORMATION

The Company has two reportable segments - broadcasting and corporate and other. The broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising. This reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization. Corporate and other consists of a hotel and the head office functions. Its revenue relates to hotel operations and its other income relates to investment income. Details of segment operations are set out below.

(thousands of dollars)	Broadcasting	Corporate and other	Total
2008			
Revenue	$ 21,002	736	21,738
Other income	-	934	934
	21,002	1,670	22,672
Operating expenses	17,072	2,415	19,487
Depreciation and amortization	882	72	954
Operating income (loss)	$ 3,048	(817)	2,231
Assets employed	$ 203,537	29,157	232,694
Goodwill	4,859	-	4,859
Capital expenditures	1,530	71	1,601
2007			
Revenue	$ 18,728	790	19,518
Other income (expense)	-	(1,500)	(1,500)

	18,728	(710)	18,018
Operating expenses	15,413	2,497	17,910
Depreciation and amortization	818	65	883
Operating income (loss)	$ 2,497	(3,272)	(775)
Assets employed	$ 189,419	20,477	209,896
Goodwill	4,337	-	4,337
Capital expenditures	905	92	997

10. SUBSEQUENT EVENT

On April 7, 2008, the Company entered into an agreement to purchase a 29.9% interest in a company that operates an FM radio station in Nova Scotia for $1,000,000. In addition, the Company has an agreement to purchase the remaining 70.1% interest in future, for $2,400,000, subject to CRTC approval. The impact of this future transaction on the Company's net assets cannot be estimated at this time.

Stock exchange listing and symbols

The Company's Class A Subordinate Voting Shares and Class B Common Shares are listed on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.
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%SEDAR: 00002995E

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