News release via Canada NewsWire, Halifax 902-422-1411

Attention Business/Financial/Entertainment Editors:
Newfoundland Capital Corporation Limited - Third Quarter 2008 - Period Ended September 30 (unaudited)

DARTMOUTH, NS, Nov. 6 /CNW/ - Newfoundland Capital Corporation Limited (the "Company"), one of Canada's leading radio broadcasters, today announces its financial results for the third quarter ended September 30, 2008.

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Highlights

In the third quarter of 2008, the global economy and global stock markets experienced significant declines. As a result, the Company's investment portfolio of marketable securities experienced significant unrealized declines in value. This has impacted results in this quarter and will continue to impact results until the market stabilizes. Despite the economic conditions, core operations remained strong in the quarter.

- Revenue grew by 5% to $26.7 million in the third quarter and by 7% to $75.8 million year-to-date due to a combination of new station launches and organic revenue increases.

- Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1)) (excluding the impact of the unrealized decline in value of the investment portfolio) was $4.5 million in the quarter and $11.8 million year-to-date, 2% lower than the same period last year due to increased marketing costs which are expected to benefit the Company in the long term as well as increased Canadian Radio-television and Telecommunications Commission ("CRTC") fees.

- The net loss in the third quarter was caused by an $8.5 million unrealized decline in value in the marketable securities. Year-to-date, the net impact of the declines in market value of $2.1 million contributed to the net loss of $0.5 million year-to-date.

- A dividend of $0.15 per share was paid in October.

Significant events

- In July, the Company announced it had entered into a purchase agreement that would add 12 FM broadcasting licences in Ontario and an agreement to exchange an AM licence in Halifax, Nova Scotia for an AM licence in Sudbury, Ontario. These two transactions are subject to approval by the CRTC and would represent a net cash outflow of approximately $13.9 million.

- In July, the Company completed the acquisition of the remaining 50% interest in Metro Radio Group Inc., which operates CKUL-FM in Halifax, Nova Scotia for $8.5 million.

- The Company has begun the work required to launch the new FM repeating signal in Pincher Creek, Alberta.

"While our Company continues to post positive revenue growth we are cautious heading into the fourth quarter", commented Rob Steele, President and Chief Executive Officer. "We are monitoring results across our radio network very closely in light of the current market volatility. Despite the economic conditions we currently face, the Company remains committed to increasing shareholder value. We continue to look at radio acquisition opportunities, as they arise, that fit the Company's growth strategy."

Financial Highlights - Third Quarter

(thousands of dollars except share information)	2008	2007
Revenue	$ 26,658	25,405
EBITDA(1)	(3,962)	3,770
Net income (loss)	(7,566)	1,332
Earnings per share - basic	(0.69)	0.12
Share price, NCC.A (closing)	18.95	17.05
Weighted average number of shares outstanding (in thousands)	10,991	11,091
Total assets	246,292	214,772
Long-term debt	72,340	46,995
Shareholders' equity	99,846	100,344

(1) Refer to page 15 for the reconciliation of EBITDA to net income (loss).

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 November 6, 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 September 30, 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 77 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

In the third quarter of 2008, the global economy and global stock markets experienced significant declines. As a result, the Company's investment portfolio of marketable securities experienced significant unrealized declines in value. This has impacted results in this quarter and will continue to impact results until the market stabilizes.

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. Before this, the station played smooth jazz. Ratings results released in July and October 2008 showed improved market share.

- 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. Metro Radio Group Inc. operates CKUL-FM in Halifax, Nova Scotia. The purchase was finalized July 2, 2008.

- March 28, 2008 - the Company changed the format of one of its FM stations in Edmonton, Alberta. The station now known as Capital-FM plays Classic Hits. Recent ratings were very strong for this station and the Company is eager to continue to grow this station's market share.

- April 7, 2008 - the Company entered into an agreement to purchase a 29.9% interest in a company which operates an FM radio station. The transaction closed July 2, 2008 for $1.0 million.

- June, 2008 - the Company launched three new FM stations: Fort McMurray, Alberta, Kentville and Sydney, Nova Scotia. The Fort McMurray and Kentville stations feature Classic Rock while the Sydney station plays Top 40 music.

- July 23, 2008 - the Company announced it had an agreement to exchange radio stations with Rogers Broadcasting Limited (a Division of Rogers Communications Inc. RCI.A and RCI.B) subject to approval from the CRTC. The Company will exchange its AM broadcast licence in Halifax, Nova Scotia and receive in return Rogers' AM licence in Sudbury, Ontario and cash consideration of $5.0 million. Both parties have simultaneously submitted applications for this transfer of assets along with applications requesting conversion of the AM licences to FM.

- July 28, 2008 - the Company announced it had entered into an agreement to acquire 12 English FM radio broadcasting licences in Ontario from Haliburton Broadcasting Group Inc. for $18.95 million, subject to CRTC approval. These assets include stations in Muskoka, North Bay and Timmins. This group of licences is the most significant geographical expansion for the Company since 2002 and considerably expands its reach in Ontario. Ten of these licences are in markets in which there is no other local radio station at present. This adds stability to the acquired revenue base, which at present approximates $8.5 million annually.

- July 28, 2008 - the CRTC approved the Company's application for a new FM repeating signal in Pincher Creek, Alberta. This is expected to be on-air in November 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.

- 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 22 of the Company's 34 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. Both stations were launched in June 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. The power has been increased to approximately 20,000 watts with the increase to full power coverage expected to be completed by the end of 2008.

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 $26.7 million was $1.3 million or 5% higher than last year. Year-to-date consolidated revenue of $75.8 million was $4.7 million or 7% better. The improvement was derived mostly by the broadcasting segment.

Other expense

Other expense for the quarter of $8.5 million was $7.7 million higher than 2007 and year-to-date other expense of $2.1 million was also higher than last year by $1.0 million. These results were primarily due to negative fluctuations in the valuation of the Company's marketable securities which amounted to unrealized declines of $8.5 million in the quarter (2007 - $0.8 million) and $2.1 million year-to-date (2007 - $1.1 million).

Operating expenses

Consolidated operating expenses of $22.1 million were $1.3 million or 6% higher than the third quarter last year. For the nine months ended September 30, 2008, consolidated operating expenses of $64.1 million were 9% higher or $5.1 million more than 2007. The increase was all a result of higher costs in the Broadcasting segment more fully described below.

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

Consolidated EBITDA in the quarter was negative at $4.0 million, a $7.7 million decline when compared to last year's quarter. Year-to-date consolidated EBITDA of $9.7 million was down $1.4 million compared to the same period in 2007. Excluding the impact of the unrealized decline in value of the investment portfolio as described above, EBITDA would have been $4.5 million in the quarter and $11.8 million year-to-date, 2% lower than 2007.

More detailed disclosure on revenue, other expense, operating expenses and EBITDA are described in the section entitled "Financial Review by Segment".

Depreciation and amortization

For the quarter and year-to-date, depreciation and amortization expense were on par with 2007.

Interest expense

Interest expense in the third quarter was $0.3 million higher than the prior year and year-to-date interest was $0.7 million higher due to the Company's higher debt levels as compared to 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 was $0.1 million lower than 2007 and the year-to-date accretion was $0.3 million lower than last year as a result of the expense being higher in the initial years of payment.

Goodwill impairment loss

As a result of conducting the annual goodwill impairment analysis as at August 31, 2008, the value for goodwill that arose in 2005 and 2006 from two business acquisitions in Winnipeg, Manitoba could not be supported and therefore, the Company has recorded an impairment loss of $1.3 million.

Gain on disposal of equity accounted investment

The Company disposed of its interest in Larche Communications (Kitchener) Inc. on April 12, 2007 for proceeds of $4.0 million which resulted in a $3.8 million gain.

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 rates for the quarter and the nine months ended September 30, 2008 were different than the statutory rate of 36% because of the non-taxable nature of a portion of the decline in value of marketable securities and the impairment loss.

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 (loss)

The net loss in the quarter of $7.6 million was $8.9 million lower than 2007 and the year-to-date net loss of $0.5 million was $15.0 million lower than last year. Net income was significantly lower than 2007 in the quarter and year-to-date because of negative unrealized fluctuations in the value of marketable securities and due to the goodwill impairment loss. Additionally, last year's net income included gains on disposals of two long-term investments which boosted the comparative year-to-date results.

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 decrease of $0.8 million (2007 - $0.1 million) and an after-tax decrease of $1.1 million year-to-date (2007 - increase of $0.1 million). The net change in the fair value of the equity total return swap recorded in OCI was an after-tax increase of $0.1 million in the quarter (2007 - decrease of $0.4 million) and an after-tax decrease of $0.2 million year-to-date (2007 -$0.1 million). The asset available-for-sale was the investment in Halterm Income Fund Trust Units which was 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 10 of the Company's unaudited interim consolidated financial statements.

Financial Results by Segment
(thousands of dollars, except percentages)

	Three months ended Sept. 30			Nine months ended Sept. 30		
	2008	2007	Growth	2008	2007	Growth
Revenue						
Broadcasting	$25,612	24,427	5%	73,158	68,430	7%
Corporate and Other	1,046	978	7%	2,661	2,652	-
Consolidated revenue	26,658	25,405	5%	75,819	71,082	7%
Other expense						
Corporate and Other	(8,493)	(830)	-	(2,108)	(1,123)	-
Consolidated revenue and other expense	18,165	24,575	(26%)	73,711	69,959	5%

Operating expenses						
Broadcasting	19,425	17,994	8%	56,098	50,745	11%
Corporate and Other	2,702	2,811	(4%)	7,954	8,192	(3%)
Consolidated operating expenses	22,127	20,805	6%	64,052	58,937	9%
EBITDA						
Broadcasting	6,187	6,433	(4%)	17,060	17,685	(4%)
Corporate and Other	(10,149)	(2,663)	-	(7,401)	(6,663)	-
Consolidated EBITDA	$(3,962)	3,770	-	9,659	11,022	(12%)

EBITDA Margins	2008	2007	Growth	2008	2007	Growth
Broadcasting	24%	26%	(2%)	23%	26%	(3%)
Consolidated	-	15%	-	13%	16%	(3%)

Broadcasting segment

The broadcasting segment derives its revenue from the sale of broadcast advertising from its 77 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 $25.6 million was $1.2 million or 5% better than last year while year-to-date broadcasting revenue of $73.2 million was $4.7 million or 7% ahead of last year. Incremental revenue accounted for all of the third quarter's growth. Organic (same-station) operations accounted for 4% of the year-over-year growth.

Incremental growth in the third quarter was a result of new revenue from the launch of new FM stations in Kentville and Sydney, Nova Scotia, and in Fort McMurray, Alberta. The Company also benefited from new revenue because of the July 2, 2008 purchase of the remaining 50% interest in the CKUL-FM licence in Halifax, Nova Scotia. For the nine months ended September 30, 2008, the primary contributors to the 4% organic growth were the Ottawa stations and operations from the small market stations in Alberta.

For the quarter, broadcasting operating expenses were $19.4 million, up $1.4 million or 8% over last year. Year-to-date broadcasting operating expenses of $56.1 million were $5.4 million or 11% higher than last year. In the first quarter, and as previously disclosed, the Company re-formatted two stations in Alberta. Calgary's "California 103" Smooth Jazz and Blues station was re-launched as "XL103-FM" playing Classic Hits. Edmonton's Country station, "Big Earl", was also re-launched as "Capital-FM" playing Classic Hits. As a result of these changes in two very important markets, the Company spent approximately $0.5 million more on advertising and marketing than it normally would have. These expenditures, along with higher variable costs in line with higher broadcasting revenue, explain a portion of the total increase in operating expenses. The remaining increase in operating expenses was a result of the recognition of twenty-one months worth of CRTC Part II Licence fees, as described below.

In the third quarter of 2007, the Company ceased to accrue CRTC Part II

Licence fees in accordance with a court ruling at that point in time. On April 28, 2008, the Federal Court of Appeal reversed the original decision and found that the fees are a valid regulatory charge. As a result of this decision the Company had to recognize the obligation as it pertained to these fees retroactively to January 1, 2007.

Eliminating the one time effect of the CRTC Part II Licence fees and the additional marketing costs, year-to-date broadcasting EBITDA would have approximated $18.7 million, $0.4 million or 2% better than the prior year primarily due to Ottawa, Ontario and small market stations in Alberta.

Corporate and Other segment

This segment derives its revenue from hotel operations. This segment 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 which are beyond the control of management.

This segment's revenue was $1.0 million in the quarter and $2.7 million year-to-date, just ahead of last year's revenue, due to a slight increase in hotel revenue.

Other income (expense) relates to investment income and consists of realized and unrealized gains and losses related to the Company's investment portfolio of marketable securities, interest, dividends and distributions from investments. Stock prices in the general Canadian trading market experienced overall declines during the third quarter and thereafter. As a result, the value of marketable securities decreased compared to the same periods in 2007, particularly in the third quarter. Other expense in the quarter was $7.7 million higher than the same period last year and the year-to-date amount was also higher by $1.0 million. For additional information, refer to Note 8 of the unaudited interim consolidated financial statements.

This segment's operating expenses of $2.7 million in the quarter and $8.0 million year-to-date were slightly lower than the same periods last year, mostly due to reduced costs associated with executive compensation.

This segment's EBITDA was $7.5 million lower than the same period last year and $0.7 million lower on a year-to-date basis because of the negative unrealized decline in the valuation of marketable securities.

Subsequent to quarter end, the Canadian trading market experienced more declines and as a result the value of the Company's marketable securities also declined. If the market does not improve, the Company's results will continue to be negatively impacted in the fourth quarter.

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. 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. The second quarter in 2008 was impacted by a positive fluctuation of $4.8 million in the value of marketable securities while the 2008 third quarter was significantly impacted by the unrealized decline in the value of marketable securities approximating $8.5 million.

(thousands of dollars except per share data)	2008			2007				2006
	3rd	2nd	1st	4th	3rd	2nd	1st	4th

Revenue	$26,658	27,423	21,738	27,736	25,405	26,159	19,518	28,064
Net income (loss)	(7,566)	6,371	722	5,766	1,332	5,807	7,408	3,285
Earnings per share								
- Basic	(0.69)	0.58	0.07	0.52	0.12	0.53	0.67	0.29
- Diluted	(0.67)	0.56	0.06	0.50	0.12	0.51	0.64	0.28

Liquidity and capital resources

Selected cash flow information - three months ended September 30, 2008

Cash from operating activities of $4.3 million combined with net debt borrowings of $7.5 million were used for the $8.5 million purchase of the remaining 50% interest in Metro Radio Group Inc., to finance a 29.9% interest in a radio station undertaking for $1.0 million and to buy property and equipment totalling $0.9 million.

Selected cash flow information - three months ended September 30, 2007

The cash from operating activities of $3.6 million, combined with net debt borrowings of $2.4 million were used to make CCD payments totalling $2.4 million, to purchase property and equipment of $2.0 million and to pay dividends of $1.7 million.

Selected cash flow information - nine months ended September 30, 2008

Cash from operating activities of $8.3 million combined with net debt proceeds of $14.2 million were used mainly to finance the purchase of the remaining 50% in Metro Radio Group Inc. for $8.5 million, to buy property and equipment for $5.0 million, to repurchase capital stock for $1.8 million, to pay CCD in the amount of $1.8 million, to pay dividends of $1.7 million and to fund the recent launch of three new FM stations.

Selected cash flow information - nine months ended September 30, 2007

The cash generated from operating activities was $1.1 million. These funds, combined with proceeds of $18.5 million from the disposals of Halterm Income Fund Trust Units and the equity accounted investment, were used to acquire the non-controlling interest in 3937844 Canada Inc. for $10.7 million, to repurchase capital stock of $3.7 million, to purchase property and equipment of $3.8 million, to pay $3.3 million toward CCD and to pay dividends of $3.3 million.

Expenditures in capital assets in the third quarter and year-to-date were due to the recent new station launches in Sydney and Kentville, Nova Scotia and Fort McMurray, Alberta. Third quarter expenditures were also incurred related to the launch of the repeater station in Pincher Creek, Alberta.

The Company expects its level of cash flow to be sufficient to fund working capital, capital expenditures, contractual obligations, and other cash requirements as described above. The Company intends to increase the availability of its credit facility to fund the Haliburton acquisition.

Credit facility and capital structure

The Company's syndicated credit facility has not changed since the publication of the 2007 Annual Report. The $80.0 million revolving credit facility is intended to 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. The current quarter's unrealized decline in value of marketable securities has no impact on the Company's debt covenants or credit facility. As at September 30, 2008 the Company had $4.0 million of current bank indebtedness outstanding and $72.3 million of long-term debt, of which less than $0.1 million was current. Working capital was $10.3 million compared to $13.6 million as at December 31, 2007; the decline was primarily due to the increase in bank indebtedness.

Commitments and Contractual Obligations

In addition to the Company's contractual obligations disclosed in the 2007 Annual Report, the Company has new commitments related to:

- CCD commitments that arose on the launch of the three new FM stations; and
- the previously disclosed business acquisition and the purchase and asset exchange agreements, disclosed 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 arrangements other than in the ordinary course of business.

Financial Condition

Capital employed and capital structure

Assets at quarter end totalled $246.3 million, up from $231.3 million at December 31, 2007 mostly due to additions to broadcast licences and goodwill that arose from the purchase of the remaining 50% interest in Metro Radio Group Inc. which operates CKUL-FM in Halifax, Nova Scotia. At quarter end the capital structure consisted of 41% equity ($99.8 million) and 59% debt ($146.5 million). Total bank debt is 77% 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 3.9 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. In the second quarter and year-to-date, the Company repurchased for cancellation 100,000 of its outstanding Class A shares for a total cost of $1.8 million. In 2007, 198,800 Class A shares were repurchased in the first quarter for a total cost of $3.7 million. Capital stock was reduced by $0.4 million (2007 - $0.8 million) and retained earnings by $1.4 million (2007 - $2.9 million).

Outstanding share data

The weighted average number of shares outstanding was 10,991,000 as compared to last year's 11,091,000; the reduction due to the repurchase of 100,000 Class A shares pursuant to the Normal Course Issuer Bid. As at November 6, 2008, there are 9,733,189 Class A shares and 1,257,551 Class B Common Shares outstanding.

Executive Compensation

Executive stock option plan

Compensation expense related to stock options for the three months ended September 30, 2008 was less than $0.1 million (2007 - $nil) and year-to-date was $0.1 million (2007 - $0.2 million). Refer to Note 4 of the unaudited interim consolidated financial statements for further details relating to the executive stock option plan.

Stock appreciation rights plan

For the three months ended September 30, 2008, the compensation expense related to stock appreciation rights ("SARs") and the liability were reduced by less than $0.1 million (2007 - reduction of $0.1 million). Year-to-date compensation expense has been reduced by less than $0.1 million (2007 - expense of $0.1 million) and the total obligation included in other liabilities was $0.7 million (2007 - $0.2 million). Refer to Note 6 of the unaudited interim consolidated financial statements for further details relating to SARs.

Annual impairment testing of broadcast licences and goodwill

The Company performed its annual impairment analysis of its long-lived intangible assets, which consist of broadcast licences and goodwill. The Company's policy for assessing impairment remained unchanged from the accounting policy published in the 2007 annual report. As at August 31, 2008, the Company concluded that no provision for impairment of broadcast licences was required; however, an impairment loss on goodwill was recognized in net income in the quarter. See Note 3 of the unaudited interim consolidated financial statements for further details.

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 8 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

For more detailed disclosures about derivative financial instruments and financial risk management, refer to Note 8 of the unaudited interim consolidated financial statements.

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 Canadian chartered banks. The swap agreements expire in 2013 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 $60.0 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 September 30, 2008, was $1.6 million (2007 - receivable of $0.1 million). After-tax unrealized expenses of $0.8 million (2007 - $0.1 million) were recognized in OCI for the third quarter while the year-to-date unrealized expenses recorded in OCI were $1.1 million (2007 - unrealized income of $0.1 million).

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 September 30, 2008 was $0.6 million (2007 - payable of $0.2 million). After-tax unrealized gains of $0.1 million (2007 - unrealized losses of $0.4 million) were recognized in OCI for the third quarter and year-to-date unrealized losses recorded in OCI were $0.2 million (2007 - $0.1 million).

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. 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. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility has caused significant fluctuations in all its marketable securities. It is uncertain when this volatility will stabilize. As at September 30, 2008, a 10% change in the share prices of each of the Company's marketable securities would result in a $1.2 million after-tax change in net income.

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 fails to perform. Credit exposure is managed through credit approval and monitoring procedures.

With regard to the interest rate swaps and the equity total return swap, 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.

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.

At September 30, 2008 and 2007, the Company's credit exposure as it related to its receivables was slightly higher than in the past reporting periods due to the recent Canadian economic conditions. The Company sells advertising airtime primarily to retail customers and since their results may also be impacted by the current economy, it is difficult to predict the impact this could have on the Company's receivables' balance. The Company maintains a provision for potential credit losses and it believes the provision to be adequate at this time given the current circumstances.

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.

Capital Management

The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that that it can continue to provide adequate returns for shareholders. 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. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

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.

The Accounting Standards Board approved new Section 3064 Goodwill and Intangible Assets replacing Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development. This Section establishes the standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets. This Section will be adopted by the Company effective January 1, 2009. The adoption of this Section will represent a change in how the Company accounts for its pre-operating costs related to new station launches. Currently, pre-operating costs are capitalized and amortized over the term of the broadcast licence. Capitalization of these costs will no longer be appropriate and therefore will be recorded in net income as incurred. For pre-operating balances that exist on January 1, 2009, they will be accounted for in accordance with Section 1506 Accounting Changes.

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 operating risks and opportunities since the publication of the 2007 Annual Report except as what is described below.

Since 2001, the CRTC has levied Part II licence fees on all Canadian broadcasters. Broadcasters paid these fees in protest until December 15, 2006, when the Federal Court rendered a decision stating that the Part II licence fees were an illegal tax. In the third quarter of 2007, the Company deemed that because there had been no appeal of the December 2006 ruling that it was no longer appropriate to accrue for these fees in its results. The fees recognized in 2007 were reversed and the Company discontinued accruing the fees on a go forward basis.

On May 6, 2008, the Canadian Association of Broadcasters ("CAB") issued a news release stating that on April 28th, 2008, the Federal Court of Appeal reversed the Trial Court decision on the CAB's Part II Licence Fee challenge, and found that the fees are a valid regulatory charge. As a result of this decision, the Company has determined that the Part II fees meet the definition of a liability and has recognized the obligation as it pertains to these fees retroactively from January 1, 2007 to September 30, 2008. The total amount recorded year-to-date as operating expenses was $1.1 million of which $0.6 million related to 2007.

The CAB has filed an appeal to the Supreme Court of Canada. It is unknown at this time if the appeal will be heard, and if so, whether or not it will be successful.

The CRTC has recently announced that they have awarded four additional commercial FM licences in Edmonton and two in Red Deer, Alberta and two in Ottawa, Ontario. In addition there has been a licence call for Halifax, Nova Scotia. The Company will be faced with new competition and the advertising dollars will be shared among more broadcasters in these markets. While the Company's share of total revenue may decline, it is common to see the total advertising dollars in a market increase to some extent because of new entrants. The Company conducts research to ensure the products offered meet the needs of advertisers and listeners. This helps to ensure that the product the Company offers is well positioned in the market regardless of new competition.

As stated in the Company's annual report, the Company's revenue is derived from the sale of advertising airtime directed at retail customers. This revenue fluctuates depending on the economic conditions of each market and the Canadian economy as a whole. Currently in Canada there is economic uncertainty that could have an impact on the Company's revenue, the magnitude of such impact is not known at this time.

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 and nine months ending September 30, 2008 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Outlook

The current economic climate increases the uncertainty of future revenue and EBITDA growth. The Company remains focused on its short and long-term objectives. One of its key priorities is on improving its product. In October 2008, ratings results were released and again market share increases were realized for the Ottawa, Ontario stations, and for the Edmonton and Calgary, Alberta stations. The Company is benefiting from improved revenue as a result of increased market share in these important cities. Management has focused much attention on these markets in the last two years as competition has increased. This focus is critically important now that the CRTC recently awarded new FM licences in Edmonton and Red Deer, Alberta and in Ottawa, Ontario. Management will take all appropriate measures to mitigate any erosion of EBITDA.

With respect to the Company's future results given the current economic conditions, management will closely monitor radio results across the country so as to be able to quickly mitigate any declines in profitability. Should there be downward pressure on revenue, expenses will be even more closely managed and management is prepared to act quickly on matters that impact results.

Despite the volatility in the Canadian economy, the Company is active in reviewing all possible acquisition opportunities that meet the Company's investment criteria. The recently announced purchase of 12 new stations in Ontario is an important expansion for the Company and one that will significantly increase the Company's presence in the province of Ontario. The Company currently has four applications for CRTC consideration and there are other new applications to be processed.

The Company remains committed to being actively involved with the local communities where we have operations, while working in partnership with community and charitable groups to ensure the radio stations remain locally focused. Another key priority for the Company is its continued focus on developing the talent of its radio professionals across Canada, which number in excess of 850 people.

Non-GAAP Measure

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

	Three months ended Sept. 30		Nine months ended Sept. 30	
(thousands of dollars)	2008	2007	2008	2007
Net income (loss)	$ (7,566)	1,332	(473)	14,547
Non-controlling interest in subsidiaries' earnings	-	125	-	417
Provision for income taxes (recovery)	(108)	211	2,147	4,624
Gain on disposal of long-term investment	-	-	-	(10,843)
Gain on disposal of equity accounted investment	-	-	-	(3,826)
Goodwill impairment loss	1,334	-	1,334	-
Accretion of other liabilities	264	357	748	1,005
Interest expense	1,071	722	2,921	2,190
Depreciation and amortization expense	1,043	1,023	2,982	2,908
EBITDA	$ (3,962)	3,770	9,659	11,022

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 and nine months ended September 30, 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 interim periods ended September 30, 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 6th day of November, 2008

Interim Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	September 30 2008	December 31 2007
ASSETS		
Current assets		
Marketable securities (note 8)	$ 14,305	16,167
Receivables	20,734	21,351
Prepaid expenses	1,442	966
Other assets (note 8)	582	614
Future income tax assets	3,970	2,703
Total current assets	41,033	41,801
Property and equipment	37,804	35,234
Other assets	6,959	4,642
Broadcast licences (note 3)	151,713	143,245
Goodwill (note 3)	7,199	4,859
Future income tax assets	1,584	1,515
	$ 246,292	231,296
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 4,042	1,117
Accounts payable and accrued liabilities	18,116	18,053

Dividends payable (note 11)	1,649	1,664
Income taxes payable	6,930	7,313
Current portion of long-term debt	11	23
Total current liabilities	30,748	28,170
Long-term debt	72,340	61,005
Other liabilities	20,597	19,665
Future income tax liabilities	22,761	17,504
Shareholders' equity	99,846	104,952
	$ 246,292	231,296

Commitments and contingencies (notes 8 and 11)
See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Income (Loss)
(unaudited)

(thousands of dollars except per share data)	Three months ended September 30 2008	2007	Nine months ended September 30 2008	2007
Revenue	$ 26,658	25,405	75,819	71,082
Other expense (note 8)	(8,493)	(830)	(2,108)	(1,123)
	18,165	24,575	73,711	69,959
Operating expenses (note 11)	22,127	20,805	64,052	58,937
Depreciation	862	863	2,509	2,453
Amortization of deferred charges	181	160	473	455
Operating income	(5,005)	2,747	6,677	8,114
Interest expense (note 8)	1,071	722	2,921	2,190
Accretion of other liabilities (note 8)	264	357	748	1,005
Goodwill impairment loss (note 3)	1,334	-	1,334	-
Gain on disposal of equity accounted investment (note 3)	-	-	-	(3,826)
Gain on disposal of long-term investment (note 8)	-	-	-	(10,843)
	(7,674)	1,668	1,674	19,588
Provision for income taxes (recovery)	(108)	211	2,147	4,624
	(7,566)	1,457	(473)	14,964
Non-controlling interest in subsidiaries' earnings	-	125	-	417
Net income (loss)	$ (7,566)	1,332	(473)	14,547
Earnings per share (note 9)				
- basic	$ (0.69)	0.12	(0.04)	1.31
- diluted	(0.67)	0.12	(0.04)	1.27

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of dollars)	Nine months ended September 30 2008	2007
Retained earnings, beginning of period	$ 59,621	45,525
Net income	(473)	14,547
Dividends declared (note 11)	(1,649)	(1,664)
Repurchase of capital stock (note 4)	(1,373)	(2,890)
Retained earnings, end of period	56,126	55,518
Capital stock (note 4)	42,913	43,345
Contributed surplus (note 5)	1,901	1,567
Accumulated other comprehensive income (loss)	(1,094)	(86)
Total shareholders' equity	$ 99,846	100,344

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

(thousands of dollars)	Three months ended September 30 2008	2007	Nine months ended September 30 2008	2007
Net income (loss)	$ (7,566)	1,332	(473)	14,547
Other comprehensive income (loss):				
Change in fair values of cash flow hedges (note 8)				
Interest rate swaps:				
Increase (decrease) in fair value	(1,235)	(154)	(1,693)	201
Reclassification to net income of realized interest expense (income)	170	(12)	233	(10)
Related income tax recovery (expense)	283	68	401	(65)
	(782)	(98)	(1,059)	126
Total equity return swap:				
Increase (decrease) in fair value	(21)	(935)	(446)	(149)
Reclassification to net income of realized losses (gains)	100	200	77	(32)
Related income tax recovery (expense)	(27)	294	126	92

	52	(441)	(243)	(89)
Change in fair value of asset available-for-sale (note 8)				
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 income (loss)	(730)	(539)	(1,302)	(8,854)
Comprehensive income (loss)	$ (8,296)	793	(1,775)	5,693

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statement of Accumulated Other Comprehensive Income (Loss)
(unaudited)

(thousands of dollars)	Nine months ended September 30 2008	2007
Accumulated other comprehensive income, beginning of period	$ 208	-
Transition adjustment for cash flow hedges, net of income tax recovery of $77 (note 8)	-	(123)
Transition adjustment for unrealized gain associated with available for sale investment, net of income taxes of $1,952 (note 8)	-	8,891
Accumulated other comprehensive income, beginning of period	208	8,768
Other comprehensive loss for the period	(1,302)	(8,854)
Accumulated other comprehensive income (loss), end of period	$ (1,094)	(86)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Cash Flows
(unaudited)

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2008	2007	2008	2007
Operating Activities				
Net income (loss)	$ (7,566)	1,332	(473)	14,547
Items not involving cash				

Depreciation and amortization	1,043	1,023	2,982	2,908
Future income taxes	692	298	2,627	1,494
Executive stock-based compensation plans (notes 4 and 6)	(12)	(129)	90	279
Accretion of other liabilities (note 8)	264	357	748	1,005
Gain on disposal of equity accounted investment (note 3)	-	-	-	(3,826)
Gain on disposal of long-term investment (note 8)	-	-	-	(10,843)
Non-controlling interest in subsidiaries' earnings	-	125	-	417
Unrealized losses on marketable securities (note 8)	8,787	450	3,257	750
Goodwill impairment loss (note 3)	1,334	-	1,334	-
Other	(44)	147	(141)	(238)
	4,498	3,603	10,424	6,493
Change in non-cash working capital relating to operating activities	(180)	(1)	(2,093)	(5,373)
	4,318	3,602	8,331	1,120
Financing Activities				
Change in bank indebtedness	1,654	(2,292)	2,925	1,254
Long-term debt borrowings	5,840	4,700	11,340	13,700
Long-term debt repayments	(5)	(5)	(17)	(13,763)
Issuance of capital stock (note 4)	-	-	-	185
Repurchase of capital stock (note 4)	-	-	(1,805)	(3,737)
Dividends paid	-	(1,664)	(1,664)	(3,343)
Other	-	-	-	(605)
	7,489	739	10,779	(6,309)
Investing Activities				
Note receivable	-	-	-	1,000
Property and equipment additions	(909)	(2,043)	(4,971)	(3,810)
Canadian Content Development payments	(736)	(2,431)	(1,786)	(3,289)
Acquisition of businesses and licences (note 3)	(9,505)	-	(9,505)	(10,745)
Proceeds from disposal of Halterm Income Fund Trust Units and equity accounted investment (notes 3 and 8)	-	-	-	18,547
Deferred charges	(541)	114	(1,816)	(582)
Employee share purchase loan repayment	-	-	-	2,826
Other	(116)	19	(1,032)	1,242

	(11,807)	(4,341)	(19,110)	5,189
Cash, beginning and end of period	$ -	-	-	-
Supplemental Cash Flow Information				
Interest paid	$ 959	768	2,606	2,374
Income taxes paid (recovered)	(270)	1,864	(155)	2,626

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements - September 30, 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.

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

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. ADDITIONS, ACQUISITIONS, DISPOSALS AND IMPAIRMENT OF INTANGIBLE ASSETS

Broadcast licence additions

During 2008, the Company launched its new FM radio stations in Carbonear, Newfoundland and Labrador, Lac LaBiche and Fort McMurray, Alberta and Kentville and Sydney, Nova Scotia. Upon the launch dates, the Company became obligated to pay $225,000 in Canadian Content Development ("CCD") commitments per year for seven years. Using the amortized cost basis to record these commitments on the consolidated balance sheets, $1,236,000 was capitalized as broadcast licences and recorded in other liabilities. Costs incurred related to the award of new broadcast licences such as application costs are also capitalized bringing the total amount capitalized to broadcast licences related to these stations to $1,434,000.

In 2007, the Company launched its new FM radio station in Calgary, Alberta. Upon the launch date, the Company became obligated to pay CCD of $1,000,000 per year for seven years. Using the amortized cost basis to record these commitments on the consolidated balance sheets, $4,718,000 was capitalized as broadcast licences and recorded in other liabilities. Costs incurred related to the award of new broadcast licences such as application costs were also capitalized bringing the total amount capitalized to broadcast licences related to this station to $4,907,000.

Business acquisitions

On July 2, 2008, the Company acquired the remaining 50% interest in Metro Radio Group Inc. which operates CKUL-FM in Halifax, Nova Scotia. The purchase price of $8,500,000 was allocated to the net identifiable assets acquired on the basis of their estimated fair market values using the purchase method of accounting. The fair value of the most significant assets acquired and liabilities assumed was allocated as follows: broadcast licences - $7,032,000; goodwill - $3,674,000; and future income tax liabilities - $1,832,000.

On July 2, 2008, the Company paid $1,005,000 for a 29.9% interest in a company that operates an FM radio station. The investment is one in which the Company exercises significant influence and the share of future net profits or losses are accounted for in net income.

On May 16, 2007, the Company acquired the minority shareholder's 23.66% interest in 3937844 Canada Inc. for cash consideration of $10,745,000. 3937844 Canada Inc. owns and operates 22 of the Company's 34 licences throughout the province of Alberta. The excess of the purchase price over the net book value of the non-controlling interest acquired was allocated to the net identifiable assets acquired on the basis of their estimated fair market values using the purchase method of accounting. $521,000 was added to broadcast licences and $130,000 was recorded as a future tax liability. The Company accounted for this acquisition of non-controlling interest as a step purchase.

The above transactions were financed by the Company's credit facility.

Disposal of equity accounted investment

On April 12, 2007, the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener, Ontario. The proceeds were $4,000,000 which resulted in a gain on disposal of $3,826,000.

Annual impairment testing of broadcast licences and goodwill

The Company performed its annual impairment analysis of its long-lived intangible assets, which consist of broadcast licences and goodwill. The Company's policy for assessing impairment remained unchanged from the accounting policy published in the 2007 annual report. As at August 31, 2008, the Company concluded that no provision for impairment of broadcast licences was required; however, an impairment loss on goodwill was recognized in net income. See below paragraph for additional details.

Goodwill impairment loss

As a result of conducting the annual goodwill impairment analysis, the value for goodwill that arose in 2005 and 2006 related to two business acquisitions in Winnipeg, Manitoba could not be supported and therefore, an impairment loss of $1,334,000 has been recorded.

4. CAPITAL STOCK

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. In the quarter and year-to-date, the Company repurchased for cancellation 100,000 of its outstanding Class A shares for a total cost of $1,805,000. In 2007, 198,800 Class A shares were repurchased in the first quarter for a total cost of $3,737,000. Capital stock was reduced by $432,000 (2007 - $847,000) and retained earnings by $1,373,000 (2007 - $2,890,000).

Executive stock option plan

Pursuant to the executive stock option plan, on a year-to-date basis 35,000 (2007 - nil) options were granted at a weighted average exercise price of $19.99. No options were granted in the third quarter of 2008 or 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. During 2008, no options were exercised. In 2007, no Class A shares were exercised in the third quarter. In 2007 on a year-to-date basis 23,750 Class A shares were exercised for proceeds of $185,000 and 195,000 options were exercised on a cashless basis in exchange for 67,271 Class A shares which resulted in increasing capital stock and decreasing contributed surplus by $693,000. During the third quarter last year, 105,000 options expired. Compensation expense related to stock options for the three months ended September 30, 2008 was $44,000 (2007 - $nil) and year-to-date was $123,000 (2007 - $177,000).

5. CONTRIBUTED SURPLUS

(thousands of dollars)

Balance, January 1, 2007	$ 2,093
Executive stock option plan compensation expense	177
Value of options exercised	(703)
Balance, September 30, 2007	1,567
Executive stock option plan compensation expense	334
Value of options exercised	-
Balance, September 30 2008	$ 1,901

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6. 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 September 30, 2008, 80,000 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 three months ended September 30, 2008, the compensation expense and the liability were reduced by $57,000 (2007 - reduced by $129,000). Year-to-date compensation expense was reduced by $33,000 and the total obligation included in other liabilities was $724,000. For the same period last year, compensation expense was $102,000 and the liability was $205,000.

7. EMPLOYEE BENEFIT PLANS

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2008	2007	2008	2007
Defined contribution plan expense	$ 334	351	991	1,015
Defined benefit plan expense	126	126	378	377

8. 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

Marketable securities and cash are able to be settled in the near term; therefore, 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 September 30, 2008, the change in fair value of marketable securities, recognized in other expense in the consolidated statements of income, was an unrealized loss of $8,787,000 (2007 - $450,000). That brings the year-to-date total to an unrealized loss of $3,257,000 (2007 - $750,000). 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, 2007.

On January 1, 2007, the investment in Halterm Income Fund Trust Units was classified as an asset available for sale and the investment was measured at fair value based on the quoted unit price in active markets. This resulted in an unrealized gain of $10,843,000 ($8,891,000 after-tax) which was recognized in other comprehensive income ("OCI") and in accumulated other comprehensive income ("AOCI") as a transition adjustment. The investment was sold on January 19, 2007 for proceeds of $14,547,000 at which time the gain was realized and transferred from OCI to be 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 expense on long-term debt for the third quarter was $938,000 (2007 - $739,000) and year-to-date was $2,485,000 (2007 - $2,243,000). Accretion expense on CCD aggregated $264,000 for the third quarter (2007 - $357,000) and $748,000 year-to-date (2007 - $1,005,000) based on EIM rates ranging from 8% to 14%.

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, which includes quoted share prices in active markets, interest rates and the Company's quoted share price as it relates to one of its stock-based compensation plans.

Managing risk associated with fluctuations in quoted share prices of marketable securities

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. 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. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility has caused significant fluctuations in all its marketable securities. It is uncertain when this volatility will stabilize. As at September 30, 2008 a 10% change in the share prices of each of the Company's marketable securities would result in a $1,200,000 after-tax change in net income.

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 Canadian chartered banks. The swap agreements 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 Company formally assesses effectiveness of the swaps are effective in offsetting changes in interest rates.

On June 23, 2008, the Company entered into two new interest rate swap agreements; one has a notional value of $15,000,000 and expires in June 2013, and the other has a notional amount of $45,000,000 and expires in May 2013. Three former interest rate swap agreements, having an aggregated notional value of $45,000,000, were terminated and as a result the fair value of these agreements ($349,000 payable) was blended into the interest rate of the new $45,000,000 swap agreement. This fair value payable will be transferred from OCI to net income (as interest expense) over the term of the original three swap agreements which expired between 2009 and 2011. The amount related to this payable transferred to net income from OCI for the third quarter was $72,000 (2007 - $nil) and year-to-date was $96,000 (2007 - $nil).

The aggregate notional amount of the Company's swap agreements was $60,000,000 (2007 - $25,000,000). The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated on September 30, 2008, was $1,590,000 (2007 - receivable of $58,000). In the third quarter, the before-tax decrease in the fair value of the swaps recognized in OCI was $1,235,000 (2007 - $154,000). Year-to-date, the before-tax decrease in fair value of the swaps recognized in OCI was $1,693,000 (2007 - increase in fair value of $201,000).

Realized interest expense of $98,000 was transferred from OCI to net income in the third quarter (2007 - interest income of $12,000) and year-to-date was $137,000 (2007 - interest income of $10,000). OCI income tax recovery for the quarter on these swaps was $283,000 (2007 - $68,000) and year-to-date was a tax recovery of $401,000 (2007 - income tax expense of $65,000). 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 related to stock-based compensation plan

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 September 30, 2008 was $595,000 (2007 - payable of $213,000) of which $582,000 was current (2007 - payable of $8,000). Before tax, the change in fair value of the swap for the third quarter recognized in OCI was a decrease of $21,000 (2007 - $935,000) and year-to-date was a decrease of $446,000 (2007 - $149,000). On a before-tax basis, realized losses of $100,000 were transferred from OCI to net income in the quarter (2007 - $200,000) and realized losses of $77,000 were transferred from OCI to net income year-to-date (2007 - realized gains of $32,000). OCI income tax expense for the quarter on this swap was $27,000 (2007 - income tax recovery of $294,000) and year-to-date income tax recovery was $126,000 (2007 - $92,000). 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

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. The maximum credit exposure approximates $20,000,000, which includes accounts receivable, and the assets related to the interest rate swaps and the equity total return swap.

Credit exposure is managed through credit approval and monitoring procedures. With regard to the interest rate swaps and the equity total return swap, 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. As at September 30, 2008, the credit risk related to transactions with these counterparties is considered minimal.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. 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. Based on the results of credit checks, the Company may require upfront deposits on account or upfront billing. 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 $1,356,000 as at September 30, 2008. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Approximately 86% of trade receivables are outstanding for less than 90 days. 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.

At September 30, 2008 and 2007, the Company's credit exposure as it related to its receivables was slightly higher than in the past reporting periods due to the recent Canadian economic conditions. The Company sells advertising airtime primarily to retail customers and since their results may also be impacted by the current economy, it is difficult to predict the impact this could have on the Company's receivables' balance. The Company maintains a provision for potential credit losses and it believes the provision to be adequate at this time given the current circumstances.

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	Thereafter
Long-term debt	$ 11	72,340	-
CCD commitments	2,827	11,378	180

Operating leases	2,920	9,580	8,580
Purchase considerations payable (note 11)	13,950	-	-
	$ 19,708	93,298	8,760

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. In addition the company intends to increase its credit facility to allow for the purchase considerations noted above which are fully described in Note 11.

Capital risk management

The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that that it can continue to provide adequate returns for shareholders. 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. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

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 September 30, 2008.

9. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
(thousands)	2008	2007	2008	2007

Weighted average common shares used in calculation of basic earnings per share	10,991	11,091	11,024	11,095
Incremental common shares calculated in accordance with the treasury stock method	320	330	328	396
Weighted average common shares used in calculation of diluted earnings per share	11,311	11,421	11,352	11,491

10. 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)	Broad-casting	Corpo-rate & Other	Total	Broad-casting	Corpo-rate & Other	Total
	Three months ended Sept. 30			Nine months ended Sept. 30		
2008						
Revenue	$ 25,612	1,046	26,658	73,158	2,661	75,819
Other expense	-	(8,493)	(8,493)	-	(2,108)	(2,108)
	25,612	(7,447)	18,165	73,158	553	73,711
Operating expenses	19,425	2,702	22,127	56,098	7,954	64,052
Depreciation and amortization	963	80	1,043	2,753	229	2,982
Operating income	$ 5,224	(10,229)	(5,005)	14,307	(7,630)	6,677
Assets employed				$219,907	26,385	246,292
Goodwill	$ 2,340	-	2,340	7,199	-	7,199
Capital expenditures	$ 855	54	909	4,788	183	4,971
2007						
Revenue	$ 24,427	978	25,405	68,430	2,652	71,082
Other income (expense)	-	(830)	(830)	-	(1,123)	(1,123)

	24,427	148	24,575	68,430	1,529	69,959
Operating expenses	17,994	2,811	20,805	50,745	8,192	58,937
Depreciation and amortization	952	71	1,023	2,706	202	2,908
Operating income (loss)	$ 5,481	(2,734)	2,747	14,979	(6,865)	8,114
Assets employed				$193,330	21,442	214,772
Goodwill	$ (112)	-	(112)	4,225	-	4,225
Capital expenditures	$ 1,868	175	2,043	3,402	408	3,810

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11. COMMITMENTS AND CONTINGENCIES

In the third quarter of 2007, the Company ceased to accrue CRTC Part II Licence fees in accordance with a court ruling at that point in time. On April 28th, 2008, the Federal Court of Appeal reversed the original decision and found that the fees are a valid regulatory charge. As a result of this decision, during the second quarter this year the Company recognized the obligation as it pertained to these fees retroactively to January 1, 2007. The amount recorded in operating expenses to-date was $1,079,000 of which $613,000 related to fiscal 2007. An appeal of this recent court decision has been filed; however, the outcome is unknown.

On July 23, 2008, the Company announced it had an agreement to exchange radio stations with Rogers Broadcasting Limited (a Division of Rogers Communications Inc. RCI.A and RCI.B) subject to approval from the CRTC. The Company will exchange its AM broadcast licence in Halifax, Nova Scotia and in return will receive Rogers' AM licence in Sudbury, Ontario and cash consideration of $5,000,000. Both parties have simultaneously submitted applications for this transfer of assets along with applications requesting conversion of the AM licences to FM.

On July 28, 2008, the Company announced it had entered into an agreement to acquire 12 English FM radio broadcasting licences in Ontario from Haliburton Broadcasting Group Inc. for $18,950,000, subject to CRTC approval. These assets include stations in Muskoka, North Bay and Timmins. The Company intends to increase the availability of its credit facility to fund this purchase.

On August 7, 2008, the Company declared dividends of $0.15 per share on each of its Class A shares and Class B Common shares payable October 3, 2008 to shareholders of record as at September 5, 2008.
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/For further information: Robert G. Steele, President and Chief Executive Officer; Scott G.M. Weatherby, Chief Financial Officer and Corporate Secretary, Newfoundland Capital Corporation Limited, (902) 468-7557, Fax: (902) 468-7558, investorrelations(at)ncc.ca, www.ncc.ca/
(NCC.A. NCC.B.)

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