Newfoundland Capital Corporation Limited

Third Quarter 2015

Period Ended September 30 ***(unaudited)***

Dartmouth, N.S. – October 29, 2015, Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the third quarter ending September 30, 2015.

Highlights

- **Revenue** for the third quarter of $41.0 million was $1.7 million or 4% higher than the same quarter last year and year-to-date revenue of $119.1 million was $9.0 million or 8% higher than 2014. The year-to-date increase was partly attributable to organic growth and partly attributable to the revenue generated by the stations in Toronto, Ontario and Vancouver, British Columbia, which were acquired March 31, 2014, and as such the comparative year-to-date results include only six months of operations for these stations.

- **Earnings before interest, taxes, depreciation and amortization ("EBITDA"[(1)])** of $12.0 million in the third quarter were $2.0 million or 20% higher than the third quarter last year and year-to-date EBITDA of $31.5 million was $4.8 million or 18% higher than 2014. A majority of the increase was a result of improved EBITDA margins as a result of efforts to increase revenues and reduce discretionary spending in organic markets. Also contributing to the increased EBITDA year-to-date was the incremental impact from including results of the Toronto and Vancouver stations. Organic EBITDA growth was 20% in the quarter and 10% year-to-date.

- **Profit for the period** of $6.7 million was $2.4 million or 57% higher than the same quarter last year because of higher revenue as well as lower unrealized losses on marketable securities. Year-to-date profit of $15.2 million was $6.6 million or 77% higher than last year due primarily to the fact that last year's profit was impacted by acquisition-related costs of $8.9 million related to the Toronto and Vancouver business acquisition.

Significant events

- During the third quarter, the Company's Board of Directors approved a dividend of $0.06 on each of its Class A Subordinate Voting and Class B Common shares. The dividend was paid on September 15, 2015 to shareholders of record at the close of business on August 31, 2015.

- During the third quarter, the Company repurchased 1,164,800 Class A Subordinate Voting shares for cash consideration of $10.3 million.

"This was a great quarter for the Company, with strong organic growth, as we strive to maximize the return from our stations" commented Rob Steele, President and Chief Executive Officer. "The Company's success is supported by encouraging listener ratings along with continued efforts to increase revenues and operate the Company more efficiently."

Financial Highlights – Third quarter

(thousands of Canadian dollars except share information)	**2015**	2014
Revenue	**$ 41,006**	39,301
EBITDA[(1)]	**11,951**	9,980
Profit for the period	**6,683**	4,265
Earnings per share – basic	**0.25**	0.15
Earnings per share – diluted	**0.24**	0.15
Share price, NCC.A (closing)	**10.78**	8.30
Weighted average number of shares outstanding *(in thousands)*	**26,694**	28,155
Total assets	**359,693**	361,849
Long-term debt, including current portion	**147,437**	145,056
Shareholders' equity	**140,277**	140,673

(1) Refer to page 11 "Non-IFRS Accounting Measure"

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the financial condition and results of operations for Newfoundland Capital Corporation Limited (the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("interim financial statements") and related notes for the periods ended September 30, 2015 and 2014, as well as the annual audited consolidated financial statements and related notes prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A contained in the Company's 2014 Annual Report. The Company's third quarter 2015 interim financial statements and the accompanying notes have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. These interim financial statements include the accounts of the Company and other entities in which the Company controls in accordance with IAS 27 "Consolidated and Separate Financial Statements" and are reported in Canadian dollars. These documents along with the Company's Annual Information Form, its Management Proxy Circular dated March 6, 2015 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. This information is also available on the Company's website at www.ncc.ca.

The Board of Directors, upon recommendation of the Audit and Governance Committee, approved the content of this MD&A on October 29, 2015. Disclosure contained in this document is current to this date, unless otherwise stated.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements and forward-looking information within the meaning of Canadian provincial securities laws. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", "should", "would", "plan" and other similar terminology relate to, but are not limited to, 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. As a result, there is no guarantee that any forward-looking statements will materialize and readers are cautioned not to place undue reliance on these statements. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Risks and Opportunities section of this MD&A. Unless otherwise required by applicable securities laws, 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

Newfoundland Capital Corporation Limited owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 95 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. It is Canada's largest pure-play radio company, employing approximately 1,000 of the best radio professionals across the country. The Company's portfolio of radio assets includes 80 FM and 15 AM licences which can be heard throughout Canada. Most of our stations are globally accessible via the internet and various mobile device applications, allowing listeners the flexibility to tune in to our stations at anytime from anywhere. The shares of the Company trade on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

STRATEGY AND OBJECTIVES

The Company's long-term strategy is to maximize returns on existing operations and add new licences through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process.

The Company's day-to-day operating objective is to grow its existing operations by increasing advertising revenue and remaining focused on controlling costs to maximize earnings before interest, taxes, depreciation and amortization ("EBITDA") margins. Management will continue to explore acquisition and expansion opportunities that fit the Company's objectives and it will make applications to the CRTC for new licences. The Company's commitment to its talented employees, its customers, its listeners and to the communities it serves remains critical to its success.

CORPORATE DEVELOPMENTS

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Performance Review" section. The results of the acquired or launched stations have been included in the interim financial statements since the respective acquisition and launch dates.

Recent Developments:

- August 2015 – the Company's Board of Directors approved a dividend of $0.06 (August 2014 – $0.06) on each of its Class A Subordinate Voting and Class B Common shares. The dividend was paid on September 15, 2015 to shareholders of record at the close of business on August 31, 2015.
- May and July 2015 – The Company repurchased a total of 1,569,800 Class A Subordinate Voting shares for cash consideration of $13.9 million.
- December 2014 – the Company's Board of Directors approved a dividend of $0.09 (December 2013 – $0.09) on each of its Class A Subordinate Voting and Class B Common shares. The dividend was paid on January 30, 2015 to shareholders of record at the close of business on December 31, 2014.
- July 2014 – completed the acquisition of CHNI-FM (Rock 88.9) in Saint John, New Brunswick for cash consideration of $0.8 million.
- March 2014 – acquired five radio stations located in Toronto, Ontario and Vancouver, British Columbia for cash consideration of $111.9 million. The stations acquired consisted of Boom 97.3 and Flow 93.5 in Toronto, and Z95.3, LG 104.3 and CISL 650 in Vancouver.
- February 2014 – received CRTC approval for a new FM licence in Hinton, AB which is expected to be launched in 2016.
- January 2014 – received CRTC approval for a new FM licence in Fox Creek, Alberta (a repeater of CFXW-FM Whitecourt, Alberta). This licence was launched in December 2014.

CONSOLIDATED FINANCIAL PERFORMANCE REVIEW

Business Combinations in 2014

On March 31, 2014, the Company completed the largest business acquisition in its history when it acquired two radio stations in Toronto, Ontario and three in Vancouver, British Columbia. The total cash consideration paid was $111.9 million.

On July 28, 2014, the Company acquired an FM station in Saint John, New Brunswick for cash consideration of $0.8 million.

The financial results of these stations have been included in profit since their respective acquisition dates. Additional details on these business combinations can be found in note 4 of the interim financial statements.

Consolidated Financial Results of Operations

(thousands of Canadian dollars, except percentages and per share data)		Three months ended September 30			Nine months ended September 30		
		2015	2014	**% Change**	**2015**	2014	**% Change**
Revenue	$	**41,006**	39,301	4%	**119,109**	110,062	8%
Operating expenses		**(29,055)**	(29,321)	(1%)	**(87,597)**	(83,383)	5%
EBITDA[(1)]		**11,951**	9,980	20%	**31,512**	26,679	18%
Depreciation, amortization and accretion		**(1,277)**	(1,593)	(20%)	**(3,858)**	(4,088)	(6%)
Interest expense		**(1,416)**	(1,775)	(20%)	**(5,042)**	(4,496)	12%
Other expense		**(196)**	(765)	(74%)	**(324)**	(6,670)	(95%)
Profit before provision for income taxes		**9,062**	5,847	55%	**22,288**	11,425	95%
Provision for income tax expense		**(2,379)**	(1,582)	50%	**(7,069)**	(2,823)	150%
Profit for the period	$	**6,683**	4,265	57%	**15,219**	8,602	77%
Earnings per share							
– Basic	$	**0.25**	0.15		**0.55**	0.30	
– Diluted		**0.24**	0.15		**0.53**	0.29	

(1) EBITDA – Earnings before interest, taxes, depreciation and amortization – refer to page 11 "Non-IFRS Accounting Measure"

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

A detailed analysis of the variations in revenue, operating expenses and EBITDA are included in the section entitled *Financial Review by Segment.*

Revenue
In the third quarter, consolidated revenue of $41.0 million was $1.7 million or 4% higher than the same quarter last year and year-to-date revenue of $119.1 million was $9.0 million or 8% higher than 2014. The year-to-date increase was partly attributable to organic growth and partly attributable to the revenue generated by the stations in Toronto and Vancouver, which were acquired March 31, 2014, and as such the comparative year-to-date results include only six months of operations for these stations.

Operating expenses
In the third quarter, consolidated operating expenses of $29.1 million were 1% below the same period last year while year-to-date operating expenses of $87.6 million were $4.2 million or 5% higher than 2014. Operating expenses were higher because of the incremental costs related to the stations acquired in the broadcasting segment on March 31, 2014. Excluding these costs, operating expenses year-to-date were lower than last year by $1.5 million or 2% as a result of reduced discretionary spending and the fact that last year included certain one-time marketing expenses.

EBITDA
In the third quarter, consolidated EBITDA of $12.0 million was $2.0 million or 20% higher than the same period last year and year-to-date EBITDA of $31.5 million was $4.8 million or 18% higher than 2014. A majority of the increase was a result of improved EBITDA margins as a result of efforts to operate more efficiently in organic markets. Also contributing to the increased EBITDA year-to-date was the incremental impact from including results of the Toronto and Vancouver stations. Organic EBITDA growth year-to-date was 10%.

Depreciation, amortization and accretion of other liabilities
In the quarter, depreciation, amortization and accretion expense was lower than 2014 because in the third quarter of 2014 the Company reassessed the useful lives of certain leasehold assets which gave rise to higher depreciation expense at that time. Year-to-date depreciation, amortization and accretion expense was slightly below 2014. Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. Accretion expense was lower than last year because as the CCD liabilities are repaid, accretion expense is accordingly lower.

Interest expense
Interest expense in the third quarter of $1.4 million was $0.4 million or 20% lower than the same quarter last year because of lower effective interest rates. Year-to-date interest of $5.0 million was $0.5 million or 12% higher than last year because the Company increased its debt on March 31, 2014 in order to finance the Toronto and Vancouver acquisition.

Other expense
Other expense generally consists of gains and losses, realized and unrealized, on the Company's marketable securities and items that are not indicative of the Company's core operating results, and not used in the evaluation of the Company's performance, such as acquisition-related costs and impairment charges. Other expense in the third quarter was $0.2 million compared to $0.8 million in 2014 while year-to-date other expense was $0.3 million compared to $6.7 million the same time last year. Included in other expense for the year-to-date period ended September 30, 2014 was acquisition-related costs of $8.9 million.

In the third quarter, the Company's mark-to-market unrealized losses of $0.2 million on its marketable securities were lower than the $0.6 million unrealized loss in the third quarter last year. Year-to-date unrealized losses were $0.2 million compared to unrealized gains of $0.8 million last year. As a result of the sale of certain marketable securities, realized losses year-to-date were $0.1 million compared to realized gains of $0.8 million in the respective comparative period. Refer to note 4 in the interim financial statements for additional details on the acquisition-related costs and note 10(a) for details on mark-to-market gains and losses.

Provision for income taxes
In the third quarter, the effective tax rate was 26%, slightly lower than the statutory income tax rate of 31% mainly because of the subsidiary rate differential that arises from consolidated entities that are taxed in different jurisdictions with lower tax rates. The year-to-date effective tax rate was 32%, slightly higher than the statutory income tax rate of 31% as a result of two contributing factors. The provincial tax rate in Alberta increased during the year which caused a one-time increase in deferred tax liabilities, particularly those associated with the

broadcast licences. In addition, certain tax estimates were updated this year resulting in an increase in current tax expense.

Profit for the period
Profit for the third quarter of $6.7 million was $2.4 million or 57% higher than the same quarter last year because of the higher revenue, lower unrealized loss on marketable securities and lower interest expense. Year-to-date profit of $15.2 million was $6.6 million higher than last year due primarily to the fact that last year's profit was impacted by acquisition-related costs of $8.9 million related to the Toronto and Vancouver business acquisition.

Other comprehensive income ("OCI")
OCI includes the net change in the fair value of the Company's cash flow hedge and actuarial gains and losses arising on the Company's defined benefit pension plans. The after-tax loss included in OCI in the third quarter of 2015 was less than $0.1 million (2014 – $nil) while the year-to-date after-tax loss was $0.1 million (2014 – less than $0.1 million).

FINANCIAL REVIEW BY SEGMENT

Consolidated financial figures include the results of operations of the Company's two separately reported segments – Broadcasting and Corporate and Other. The Company provides information about segment revenue and segment EBITDA 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 12 of the Company's interim financial statements.

Broadcasting Segment

The Broadcasting segment derives its revenue from the sale of broadcast advertising from its licences across the country. Advertising revenue can vary based on market and economic conditions, the audience share of a radio station, the quality of programming and the effectiveness of a company's team of sales professionals.

Cash-generating units ("CGU's") within the Broadcasting segment are managed and evaluated based on their revenue and EBITDA. The following summarizes the key operating results of the Broadcasting segment.

Broadcasting Financial Results of Operations

		Three months ended September 30				Nine months ended September 30			
(thousands of Canadian dollars,				**Growth**				**Growth**	
except percentages)		**2015**	2014	Total	Organic	**2015**	2014	Total	Organic
Revenue	$	**39,726**	38,090	4%	4%	**116,055**	107,123	8%	1%
Operating expenses		**(26,127)**	(26,312)	(1%)	(1%)	**(77,935)**	(74,504)	5%	(3%)
EBITDA	$	**13,599**	11,778	15%	15%	**38,120**	32,619	17%	11%
EBITDA margin		**34%**	31%	3%	3%	**33%**	30%	3%	3%

Revenue
Broadcasting revenue in the third quarter of $39.7 million was $1.6 million or 4% higher than last year, primarily related to organic (same-station) revenue growth. Year-to-date broadcasting revenue of $116.1 million was $8.9 million or 8% higher than 2014 which was primarily due to incremental revenue from the stations acquired on March 31, 2014 in Toronto and Vancouver. The overall industry growth rate for the nine months ended September 30, 2015 was negative 1%.

The Company's organic local revenue was 3% higher year-to-date than 2014, partially offset by a decline in organic national revenue of 5% compared to the same period in 2014. The Company has experienced the strongest organic revenue growth in the Calgary and Toronto markets which experienced growth of 19% and 17% respectively in 2015, while there are challenges in small market Alberta stations whose revenue has declined 8%.

Operating expenses
For the third quarter, broadcasting operating expenses were $26.1 million, down $0.2 million or 1% compared to the same quarter last year while year-to-date expenses of $77.9 million were $3.4 million or 5% higher than 2014. Year-to-date operating expenses were higher because of the incremental costs related to the stations acquired in Toronto and Vancouver on March 31, 2014. Excluding these costs, broadcasting operating expenses year-to-date were lower than last year by $2.3 million or 3% as a result of reduced discretionary spending and the fact that last year included certain one-time marketing expenses.

EBITDA
Third quarter broadcasting EBITDA of $13.6 million was $1.8 million or 15% better than 2014 and year-to-date EBITDA of $38.1 million was $5.5 million or 17% higher than the same time last year. The increased EBITDA related primarily to increased revenues and the effort to reduce costs in the organic markets which resulted in organic EBITDA increasing by 15% in the quarter and 11% year-to-date. Also contributing to the increase in EBITDA year-to-date was the incremental results from the stations acquired in 2014.

Corporate and Other Segment

The Corporate and Other segment derives its revenue from hotel operations. Corporate and Other expenses are related to head office functions and hotel operations.

Corporate and Other Financial Results of Operation

(thousands of Canadian dollars, except percentages)		Three months ended September 30			Nine months ended September 30		
		2015	2014	**% Change**	**2015**	2014	**% Change**
Revenue	$	**1,280**	1,211	6%	**3,054**	2,939	4%
Operating expenses		**(2,928)**	(3,009)	(3%)	**(9,662)**	(8,879)	9%
EBITDA	$	**(1,648)**	(1,798)	8%	**(6,608)**	(5,940)	(11%)

Revenue
Revenue of $1.3 million in the third quarter and $3.1 million year-to-date was 6% higher than the third quarter and 4% higher than the year-to-date periods in 2014 due to increased hotel revenue.

Operating expenses
Operating expenses of $2.9 million in the third quarter were 3% lower than the third quarter in 2014 and operating expenses of $9.7 million year-to-date were 9% higher than the same period last year. The increase year-to-date was attributable to executive changes at the Company's head office.

EBITDA
EBITDA in the quarter was negative $1.6 million, which was $0.2 million or 8% higher than last year and year-to-date EBITDA was negative $6.6 million, which was 0.7 million or 11% lower than the same period last year. The decrease year-to-date was due to higher operating expenses.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary, depending on the quarter. The first quarter is a period of lower retail spending and as a result, advertising revenue is lower. The fourth quarter tends to be a period of higher retail spending. Profit in the fourth quarter of 2014 was negatively impacted by a $5.7 million impairment charge and mark-to-market losses of $0.8 million. In the third and second quarter of 2014, results from the Toronto and Vancouver stations increased revenue and profit. During the first quarter of 2014, the Company incurred acquisition-related costs of $8.4 million arising from the Toronto and Vancouver business acquisition which decreased profit. Profit in the fourth quarter of 2013 benefited from a $3.8 million gain on disposal of the Fort McMurray net assets.

(thousands of Canadian dollars except per share data)		**2015**			2014				2013
		3rd	**2nd**	**1st**	4th	3rd	2nd	1st	4th
Revenue	$	**41,006**	42,598	35,505	44,438	39,301	42,298	28,463	35,649
Profit (loss) for the period		**6,683**	6,034	2,502	2,593	4,265	7,541	(3,204)	10,295
Earnings per share									
– Basic		**0.25**	0.22	0.09	0.09	0.15	0.27	(0.11)	0.37
– Diluted		**0.24**	0.21	0.09	0.08	0.15	0.26	(0.11)	0.35

Selected cash flow information – nine months ended September 30, 2015

Cash flows from operating activities of $20.4 million combined with net borrowings of $8.4 million were used to repurchase capital stock of $13.9 million, purchase property and equipment for $7.6 million, pay dividends of $4.1 million and pay $2.7 million toward CCD commitments.

Selected cash flow information – nine months ended September 30, 2014

Cash flows from operating activities of $15.3 million combined with net borrowings of $103.3 million were used to finance the business acquisitions in Toronto, Vancouver and Saint John for $112.7 million, to purchase property and equipment for $4.2 million, pay dividends of $2.5 million and pay $1.9 million toward CCD commitments.

Capital expenditures and capital budget

Capital expenditures for 2015 are expected to be slightly higher than originally forecast with an approximate spend of $10.5 million. The major expenditures include the relocation to new studios in Toronto, the continuation of investment in new broadcasting digital and automation equipment as well as capital costs associated with improving signals and frequency changes. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

FINANCIAL CONDITION

Total assets

Assets of $359.7 million as at September 30, 2015 were $3.0 million higher than December 31, 2014 due primarily to the increase in capital assets.

Liabilities, shareholders' equity and capital structure

As at September 30, 2015, the Company had $1.5 million of current bank indebtedness (2014 – $1.1 million) and $146.6 million of long-term debt, of which $11.3 million was current (2014 – $138.5 million of which $11.3 million was current). The capital structure consisted of 39% equity ($140.3 million) and 61% liabilities ($219.4 million) at quarter end (2014 – 39% equity or $140.5 million and 61% liabilities or $216.1 million).

LIQUIDITY

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 facilities. 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. Management deems its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit facilities and covenants

The Company has two syndicated credit facilities. The first one is a $90.0 million revolving credit facility. This type of facility provides flexibility with no scheduled repayment terms. The undrawn amount as at September 30, 2015 approximated $16.3 million. The Company also has a $90.0 million non-revolving credit facility that was drawn on March 31, 2014 to finance the Toronto and Vancouver business acquisition. The non-revolving facility is being amortized over eight years and is repayable in quarterly instalments of $2.8 million.

In May 2015, the Company amended its credit facilities to reduce interest rates by 0.5%, change certain covenants and to extend the maturity date for both credit facilities to May 31, 2018.

The Company is subject to covenants on its credit facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Cash flow from operations and funds available from the Company's $90.0 million revolving credit facility have been the primary funding sources of working capital, capital expenditures, CCD payments, dividend payments, debt repayments, and other contractually required payments through the past several years.

Positive cash balances
The Company does not maintain any significant positive cash balances; instead it uses its cash balances to reduce debt and minimize interest expense. The fact that the Company does not have positive cash positions on its balance sheet does not pose an increase to its liquidity risk because the Company generates cash from operations and, as part of the $90 million revolving credit facility, there is $5.0 million available to fund any current obligations. The Company can also access the remaining $13.5 million of unused capacity in its revolving credit facility to fund obligations.

Working capital requirements
As at September 30, 2015, the Company's net working capital was $1.3 million. The cash from current receivables should be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from its revolving credit facility, the Company will be able to meet all other current cash requirements as they arise. If cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to the undrawn amount of its credit facilities.

Future cash requirements
Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, CCD payments, dividends and other contractual obligations. Management anticipates that its cash flows from operations will provide sufficient funds to meet its cash requirements.

Based on the above discussion and internal analysis, management deems its liquidity risk to be low.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Since the publication of the 2014 Annual MD&A (dated February 26, 2015), the Company's commitments and contractual obligations have not changed other than the increase in long-term debt.

SHARE CAPITAL

Outstanding share data
The weighted average number of shares outstanding at September 30, 2015 was 27,608,000 (2014 – 28,151,000). As of this date, there are 22,848,572 Class A Subordinate Voting Shares ("Class A Shares") and 3,769,322 Class B Common Shares ("Class B Shares") outstanding.

Dividends
On August 13, 2015, the Board of Directors declared a dividend of $0.06 per share (August 2014 – $0.06) on each of the Company's Class A Subordinate Voting Shares and Class B Common Shares to all shareholders of record as at August 31, 2015. Dividends of $1.6 million were paid on September 15, 2015. On December 11, 2014, the Board of Directors declared a dividend of $0.09 per share (December 2013 –$0.09) on each of the Company's Class A Subordinate Voting Shares and Class B Common Shares to all shareholders of record as at December 31, 2014. Dividends of $2.5 million were paid January 30, 2015.

Share repurchases
The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,200,495 Class A shares and 75,386 Class B shares. This bid expires May 24, 2016. During the third quarter 1,164,800 Class A outstanding shares were repurchased for cash consideration of $10.3 million bringing the year-to-date share repurchases to 1,569,800 for cash consideration of $13.9 million (no shares were repurchased in 2014). Share repurchases of 405,000 prior to the third quarter were made under the Normal Course Issuer Bid that was in effect until May 21, 2015.

SHARE-BASED COMPENSATION PLANS

Executive stock option plan
A total of 2,302,500 stock options are outstanding pursuant to the Company's executive stock option plan. During the quarter and year-to-date, 100,000 options were granted by the Company (2014 – nil). No options were exercised in the quarter (2014 – nil). Year-to-date, 145,000 options were exercised using the cashless exercise option resulting in 32,724 shares issued from treasury (2014 – 107,500 options exercised with 26,767

shares issued from treasury). Compensation expense related to the stock option plan in the quarter and year-to-date was $0.1 million (2014 – less than $0.1 million).

Stock appreciation rights plan
There are no stock appreciation rights outstanding as at September 30, 2015. During the first quarter, the last 50,000 rights were exercised for cash consideration of $0.1 million (2014 – 52,500 rights exercised for $0.2 million).

Compensation expense related to stock appreciation rights in the third quarter and year-to-date was $nil (2014 – recovery of less than $0.1 million). The total obligation for these rights at the end of the quarter was $nil (2014 – $0.1 million).

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 10 of the interim financial statements.

Interest rate risk management
The Company has in place an interest rate swap agreement with a Canadian Chartered Bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45 million and expires in May 2017.

The swap agreement involves 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. A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap at September 30, 2015, resulting in an estimated $0.3 million change in profit.

As at September 30, 2015, the aggregate fair value payable of the swap agreement was $1.1 million (2014 – $0.7 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 industries and only invests a certain amount of funds in marketable securities. 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.

Credit risk management
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. Credit exposure is managed through credit approval and monitoring procedures. 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 or full payments on account prior to providing service. 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. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. 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. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

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. Counterparty risk is managed by only dealing with Canadian Chartered Banks having high credit ratings.

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 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 STANDARDS

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Management is assessing the impact the adoption of IFRS 9 will have on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 11 Joint Arrangements

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standard comes into effect on January 1, 2016 and is not likely to apply to the Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 applies to all revenue contracts and provides a five step model for the recognition and measurement of revenue earned from a contract with a customer. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entity's ordinary activities. In July 2015, the International Accounting Standards Board (IASB) deferred the effective date from January 1, 2017 to January 1, 2018 with earlier adoption permitted. The Company will monitor the impact, if any, this standard will have on its revenue recognition procedures.

CRITICAL ACCOUNTING ESTIMATES

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2014 Annual MD&A dated February 26, 2015.

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.

RELATED PARTY TRANSACTIONS

These annual financial statements include the financial statements of the following wholly-owned subsidiaries: Newcap Inc., the Glynmill Inn Incorporated, 8504580 Canada Inc., 8384827 Canada Inc., 8384860 Canada Inc., 8384886 Canada Inc. and 8384878 Canada Inc. Any balances owing or receivable between these entities are eliminated on consolidation. Related party transactions during the quarter were reviewed and there were no material transactions and all transactions were at fair market value.

RISKS AND OPPORTUNITIES

There has been no substantial change in the Company's risks and opportunities since the publication of the 2014 Annual MD&A dated February 26, 2015.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting that occurred in the nine months ending September 30, 2015 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

OUTLOOK

The financial results from the acquired stations in Toronto and Vancouver have continued to have a very positive impact on the Company's financial results. Ratings in these markets have been quite strong in recent months and these stations are expected to continue to contribute positively to future results. During the last twelve months, consolidated revenue was $163.5 million and EBITDA was $46.5 million.

Efforts to increase organic revenue and to operate more efficiently in the Broadcasting segment have been successful, resulting in organic revenue growth of 4% in the quarter and organic EBITDA growth of 15% in the quarter. With these efforts, along with the encouraging listener ratings in most markets, the Company expects continued growth.

Non-IFRS Accounting Measure

*(1)**EBITDA** is calculated as revenue less operating expenses (which include direct cost of sales and general and administrative expenses) as reported in the Company's interim consolidated income statements. EBITDA may be calculated and presented by operating segment or for the consolidated results of the Company. The Company believes this is an important measure because the Company's key decision makers use this measure internally to evaluate the performance of management. The Company's key decision makers also believe certain investors use it as a measure of the Company's financial performance and for valuation purposes.*

EBITDA is therefore calculated before (i) non-cash expenses such as depreciation, amortization and accretion of other liabilities, (ii) interest expense and (iii) items not indicative of the Company's core operating results, and not used in the evaluation of the operating segments or the consolidated Company's performance such as: acquisition-related costs, impairment charges and other expense. A calculation of this measure is as follows:

(thousands of Canadian dollars)		*Three months ended September 30*		*Nine months ended September 30*	
		2015	*2014*	***2015***	*2014*
Profit for the period	*$*	***6,683***	*4,265*	***15,219***	*8,602*
Provision for income taxes expense		***2,379***	*1,582*	***7,069***	*2,823*
Other expense		***196***	*765*	***324***	*6,670*
Interest expense		***1,416***	*1,775*	***5,042***	*4,496*
Depreciation, amortization and accretion of other liabilities		***1,277***	*1,593*	***3,858***	*4,088*
EBITDA	*$*	***11,951***	*9,980*	***31,512***	*26,679*

EBITDA is not defined by IFRS and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises.

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, 2015 and 2014

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 condensed interim consolidated financial statements ("interim financial statements") of the Company for the three months and nine months ended September 30, 2015 and 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and are the responsibility of the Company's management.

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

Dated this 29th day of October, 2015

Condensed Interim Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	Notes		**September 30 2015**	December 31 2014
Assets				
Current assets				
Marketable securities	10(a)	$	**1,127**	1,532
Receivables	10		**33,970**	35,615
Prepaid expenses			**1,838**	1,186
Total current assets			**36,935**	38,333
Non-current assets				
Property and equipment			**42,026**	38,342
Other assets			**2,085**	1,583
Broadcast licences			**262,029**	262,029
Goodwill			**12,014**	12,014
Deferred income tax assets			**4,604**	4,376
Total non-current assets			**322,758**	318,344
Total assets	5	$	**359,693**	356,677
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$	**1,494**	1,125
Accounts payable and accrued liabilities			**22,491**	21,817
Dividends payable			—	2,534
Income taxes payable			**400**	4,165
Current portion of long-term debt	5		**11,250**	11,250
Total current liabilities			**35,635**	40,891
Non-current liabilities				
Long-term debt	5		**135,396**	127,275
Other liabilities	10(b)		**15,299**	17,078
Deferred income tax liabilities			**33,086**	30,904
Total non-current liabilities			**183,781**	175,257
Total liabilities			**219,416**	216,148
Shareholders' equity			**140,277**	140,529
Total liabilities and shareholders’ equity		$	**359,693**	356,677

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Income Statements

(unaudited)

(thousands of Canadian dollars, except per share data)	Notes		Three months ended September 30 **2015**	2014	Nine months ended September 30 **2015**	2014
Revenue		$	**41,006**	39,301	**119,109**	110,062
Operating expenses			**(29,055)**	(29,321)	**(87,597)**	(83,383)
Depreciation, amortization and accretion of other liabilities			**(1,277)**	(1,593)	**(3,858)**	(4,088)
Interest expense			**(1,416)**	(1,775)	**(5,042)**	(4,496)
Other expense	4, 10(a)		**(196)**	(765)	**(324)**	(6,670)
Profit before provision for income taxes			**9,062**	5,847	**22,288**	11,425
Provision for income tax (expense) recovery						
Current			**(1,171)**	(1,472)	**(5,094)**	(3,499)
Deferred			**(1,208)**	(110)	**(1,975)**	676
			(2,379)	(1,582)	**(7,069)**	(2,823)
Profit for the period		$	**6,683**	4,265	**15,219**	8,602
Earnings per share from continuing operations	11					
– Basic		$	**0.25**	0.15	**0.55**	0.30
– Diluted			**0.24**	0.15	**0.53**	0.29

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Statements of Comprehensive Income

(unaudited)

(thousands of Canadian dollars)		Three months ended September 30 **2015**	2014	Nine months ended September 30 **2015**	2014
Profit for the period	$	**6,683**	4,265	**15,219**	8,602
Other comprehensive income (loss):					
Cash flow hedges:					
Net movement on interest rate swaps		**(21)**	—	**(92)**	(60)
Income tax recovery		**5**	—	**25**	15
Other comprehensive loss that will be reclassified to profit and loss in subsequent periods		**(16)**	—	**(67)**	(45)
Comprehensive income	$	**6,667**	4,265	**15,152**	8,557

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(thousands of Canadian dollars)		Issued share capital (note 6)	Contributed surplus (note 7)	Accumulated other comprehensive income	Retained earnings	Total
Balance at January 1, 2015	$	36,596	2,602	(144)	101,475	140,529
Profit for the period		—	—	—	15,219	15,219
Other comprehensive loss		—	—	(67)	—	(67)
Total comprehensive income (loss)		—	—	(67)	15,219	15,152
Dividends		—	—	—	(1,597)	(1,597)
Repurchase of share capital		(2,306)	—	—	(11,554)	(13,860)
Exercise of stock options		151	(151)	—	—	—
Executive stock option compensation expense		—	53	—	—	53
Balance at September 30, 2015	**$**	**34,441**	**2,504**	**(211)**	**103,543**	**140,277**

See accompanying notes to the interim financial statements

(thousands of Canadian dollars)		Issued share capital (note 6)	Contributed surplus (note 7)	Accumulated other comprehensive income	Retained earnings	Total
Balance at January 1, 2014	$	36,495	2,680	107	94,503	133,785
Profit for the period		—	—	—	8,602	8,602
Other comprehensive loss		—	—	(45)	—	(45)
Total comprehensive income (loss)		—	—	(45)	8,602	8,557
Dividends		—	—	—	(1,689)	(1,689)
Exercise of stock options		101	(101)	—	—	—
Executive stock option compensation expense		—	20	—	—	20
Balance at September 30, 2014	**$**	**36,596**	**2,599**	**62**	**101,416**	**140,673**

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	Notes	Nine months ended September 30 **2015**	2014
Operating Activities			
Profit before provision for income taxes		$ **22,288**	11,425
Items not involving cash			
Depreciation, amortization and accretion of other liabilities		**3,858**	4,088
Share-based compensation expense	8	**53**	—
Realized and unrealized losses (gains) on marketable securities	10(a)	**299**	(1,652)
Canadian Content Development commitments arising from business acquisitions not yet paid	4	—	6,288
Other		**614**	180
		27,112	20,329
Net change in non-cash working capital		**6,904**	1,199
		34,016	21,528
Interest paid		**(4,708)**	(3,908)
Income taxes paid		**(8,884)**	(2,323)
Net cash flow from operating activities		**20,424**	15,297
Financing Activities			
Change in bank indebtedness		**369**	799
Long-term debt borrowings		**16,500**	113,000
Long-term debt repayments		**(8,438)**	(10,500)
Dividends paid		**(4,131)**	(2,532)
Repurchase of capital stock	6	**(13,860)**	—
Other		**(198)**	(326)
Net cash flow (used for) from financing activities		**(9,758)**	100,441
Investing Activities			
Business acquisitions	4	—	(112,712)
Property and equipment additions		**(7,559)**	(4,156)
Canadian Content Development commitment payments		**(2,705)**	(1,903)
Proceeds from disposal of marketable securities		**105**	3,017
Other		**(507)**	16
Net cash flow used for investing activities		**(10,666)**	(115,738)
Cash, beginning and end of period		$ —	—

See accompanying notes to the interim financial statements

1. Reporting Entity

Newfoundland Capital Corporation Limited (the "Company") is incorporated in Nova Scotia, Canada. The address of the Company's registered office of business is 8 Basinview Drive, Dartmouth, Nova Scotia, B3B 1G4. The Company's primary activity is radio broadcasting. These unaudited condensed interim consolidated financial statements ("interim financial statements") comprise the financial position of the Company and its subsidiaries, together referred to as the "Company". 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. As a result, revenue and profit are generally lower than the other quarters.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 29, 2015.

2. Basis of Preparation

a) Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS"), Interim Financial Reporting, and accordingly, they do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the annual financial statements for the year ended December 31, 2014. Accordingly, these interim financial statements should be read together with the annual financial statements for the year ended December 31, 2014, prepared in accordance with IFRS.

All amounts are expressed in Canadian dollars, rounded to the nearest thousand (unless otherwise specified). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

b) Critical Accounting Estimates

There has been no substantial change in the Company's critical accounting estimates and assumptions since the publication of the annual financial statements for the year ended December 31, 2014.

3. Future Accounting Standards

Standards issued but not yet effective up to the date of issuance of the Company's annual financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Management is assessing the impact the adoption of IFRS 9 will have on the classification and measurement of the Company's financial assets and financial liabilities.

IFRS 11 Joint Arrangements
IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The standard comes into effect on January 1, 2016 and is not likely to apply to the Company.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 applies to all revenue contracts and provides a five step model for the recognition and measurement of revenue earned from a contract with a customer. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entity's ordinary activities. In July 2015, the International Accounting Standards Board (IASB) deferred the effective date from January 1, 2017 to January 1, 2018 with earlier adoption permitted. The Company will monitor the impact, if any, this standard will have on its revenue recognition procedures.

4. ACQUISITION OF BROADCASTING ASSETS

Saint John, New Brunswick

On July 28, 2014, the Company acquired the CHNI-FM broadcasting assets in Saint John, New Brunswick. Cash consideration, including an amount for working capital, was $790,000. The assets acquired included the FM broadcast licence, capital assets and certain working capital. The primary working capital amount consisted of trade accounts receivable having a gross contractual amount receivable of $39,000. The contractual cash flows not expected to be collected were estimated to be $2,000 and this was factored in to the determination of fair value.

The Company completed this transaction to increase the value of its assets and profitability. The purchase was financed by the Company's credit facilities which are described in note 5.

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. Please refer to the table presented below.

Toronto, Ontario and Vancouver, British Columbia

On March 31, 2014, the Company acquired the shares of five companies that held the radio broadcasting assets of two radio stations in Toronto, Ontario and three radio stations in Vancouver, British Columbia for total cash consideration of $111,922,000. Because this was a share deal, the Company did not receive full tax basis on the assets acquired and this resulted in the recognition of deferred tax assets and deferred tax liabilities as set out in the table below.

The major assets acquired included broadcast licences, goodwill and capital assets while certain accrued liabilities along with Canadian Content Development ("CCD") obligations were assumed. No trade receivables or trade payables were acquired. Goodwill arose as a result of the combination of sales forces and the cost synergies that will benefit the Company by combining the operations of the two stations in Toronto and by combining the operations of the three stations in Vancouver.

The accounting value of goodwill in the table below does not have any deferred tax liability associated with it because it is not deductible for tax purposes.

The Company completed this transaction to increase the value of its assets and profitability and also to have a presence in these large markets which offer great growth potential. The purchase was financed by the Company's credit facilities which are described in note 5.

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. The purchase price allocation has been finalized. The following table sets out the net assets acquired and their estimated acquisition date fair values, aggregated at the cash-generating unit ("CGU") level:

(thousands of Canadian dollars)	**Toronto CGU**	**Vancouver CGU**	**Saint John CGU**	**Total**
Working capital	$ —	—	40	40
Property and equipment	397	382	200	979
Broadcast licences	78,266	30,862	550	109,678
Goodwill	6,827	1,285	—	8,112
Deferred tax assets	398	2,197	—	2,595
Total assets acquired	85,888	34,726	790	121,404
Accrued liabilities	(282)	(135)	—	(417)
CCD commitments assumed	(708)	(2,491)	—	(3,199)
Deferred tax liabilities	(5,076)	—	—	(5,076)
Net assets acquired	$ 79,822	32,100	790	112,712

Acquisition-related costs

As a result of the acquisitions, the Company has become obligated to fund $11,213,000 of CCD commitments. For accounting purposes, the CCD commitments must be recorded on the statement of financial position as *other liabilities* at fair value on initial recognition which was determined based on discounting cash flows using the effective interest method ("EIM"). Under EIM, accretion expense is calculated and recorded using the effective interest rate (5.0%) that discounts estimated future cash payments throughout the life of the CCD commitment to the fair value at initial recognition. The discounted fair value of the total CCD commitments was determined to be $9,487,000 and was recognized in *other liabilities*. Of this liability, $3,199,000 represents the existing obligations that the Company assumed on acquisition, while the remaining $6,288,000 was the commitment required in order for the Canadian Radio-television and Telecommunications Commission ("CRTC") to approve the transactions. The $6,288,000 liability was a separate transaction and not factored in to the purchase price allocations and as such was expensed in *Other income (expense)* in 2014. Additional incremental costs approximating $2,600,000 directly related to these acquisitions were also expensed in 2014 *Other expense* in the income statements and these included audit fees, legal fees, consulting charges, severances, research, travel and certain other regulatory required amounts.

5. Long-Term Debt

(thousands of Canadian dollars)		2015	2014
Revolving term credit facility of $90 million, renewable, expires in May 2018	$	**71,500**	55,000
Non-revolving term credit facility of $90 million, repayable in quarterly instalments, expires in May 2018		**75,937**	84,375
		147,437	139,375
Less: current portion of non-revolving credit facility		**(11,250)**	(11,250)
Less: debt transaction costs		**(791)**	(850)
	$	**135,396**	127,275

The $90 million revolving term credit facility has no set terms of repayment. The undrawn amount as at September 30, 2015 approximated $16,300,000. The $90 million non-revolving credit facility was drawn on March 31, 2014 when the business acquisition disclosed in note 4 closed. This facility is being amortized over eight years and is repayable in quarterly instalments of $2,812,500.

In May 2015, the Company amended the credit facilities to extend the maturity date to May 31, 2018, to reduce interest rates by approximately 0.5% and change certain covenants.

The Company has provided a general assignment of book debts and a first ranking fixed charge demand debenture over all freehold and leasehold real property and all equipment and a security interest and floating charge over all other property as collateral for the bank indebtedness and the credit facilities.

6. Share Capital

Outstanding share capital
Outstanding share capital was 22,848,572 Class A Subordinate Voting Shares ("Class A shares") and 3,769,322 Class B Common Shares ("Class B shares") at September 30, 2015 (2014 – 24,385,648 Class A shares and 3,769,322 Class B shares).

Share repurchases
The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,200,495 Class A shares and 75,386 Class B shares. This bid expires May 24, 2016. During the third quarter 1,164,800 Class A outstanding shares were repurchased for cash consideration of $10,284,000 bringing the year-to-date share repurchases to 1,569,800 for cash consideration of $13,860,000 (no shares were repurchased in 2014). As a result of the repurchases, capital stock was reduced by $1,711,000 during the third quarter and $2,306,000 year-to-date and retained earnings was reduced by $8,573,000 during the third quarter and by $11,554,000 year-to-date. Share repurchases of 405,000 prior to the third quarter were made under the Normal Course Issuer Bid that was in effect until May 21, 2015.

Executive stock options
A total of 2,302,500 stock options are outstanding pursuant to the Company's executive stock option plan. During the quarter and year-to-date, 100,000 options were granted by the Company (2014 – nil). No options were exercised in the quarter (2014 – nil). Year-to-date, 145,000 options were exercised using the cashless exercise option resulting in 32,724 shares issued from treasury (2014 – 107,500 options exercised with 26,767 shares issued from treasury).

Dividends
During the third quarter, the Company declared dividends of $0.06 (2014 – $0.06) per Class A and Class B share. Dividends paid totaled $1,597,000 (2014 – $nil) during the third quarter and $4,131,000 (2014 – $2,532,000) during the nine months ended September 30, 2015. The dividends declared in August 2014 were paid in October 2014.

7. Contributed Surplus

		Nine months ended September 30	
(thousands of Canadian dollars)		**2015**	2014
Balance January 1	$	**2,602**	2,680
Exercise of stock options *(note 6)*		**(151)**	(101)
Executive stock option plan compensation expense *(note 8)*		**53**	20
Balance September 30	$	**2,504**	2,599

8. Share-Based Compensation Plans

The following is a summary of the Company's compensation expense related to share-based compensation plans:

Executive stock options
A total of 2,302,500 stock options are outstanding pursuant to the Company's executive stock option plan. The options generally vest as follows: twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates. Option holders may elect to exercise their options on a cashless basis in which case capital shares are issued from treasury based on a formula that takes into account the market value of the Company's Class A shares and the option's strike price.

100,000 options were granted during the third quarter and year-to-date (2014 – nil). No options were exercised in the quarter (2014 – nil). Year-to-date, 145,000 options were exercised (2014 – 15,000 options expired and 107,500 options were exercised). Compensation expense related to the stock option plan in the quarter and year-to-date was $53,000 (2014 – $6,000 in the third quarter and $20,000 year-to-date).

Stock appreciation rights
There are no stock appreciation rights outstanding as at September 30, 2015. During the first quarter of 2015, the last 50,000 rights were exercised for cash consideration of $84,500 (2014 – 52,500 stock appreciation rights exercised for $159,000). Compensation expense in the third quarter and year-to-date was $nil (2014 – recovery of $10,000 in the third quarter and recovery of $20,000 year-to-date). The total obligation as at September 30, 2015 was $nil (2014 – $85,000).

9. Employee Benefit Plans

		Three months ended September 30		Nine months ended September 30	
(thousands of Canadian dollars)		**2015**	2014	**2015**	2014
Defined contribution plan expense	$	**461**	452	**1,382**	1,328
Defined benefit plan expense		**108**	98	**294**	295

10. Financial Instruments and Financial Risk Management

Estimated fair value of financial instruments
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 interest charges under the terms of the long-term debt are based on the 3-month Canadian banker's acceptance rates.

The following table outlines the hierarchy of inputs used in the calculation of fair value for each financial instrument:

			Level 1	**Level 2**	**Level 3**
(thousands of Canadian dollars) **Description**		**Total**	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
Financial assets at fair value through profit or loss:					
Marketable securities	$	**1,127**	1,127	—	—
Loans and receivables:					
Accounts receivable		**33,970**	—	33,970	—
Items accounted for as hedges:					
Interest rate swap payable		**(1,061)**	—	(1,061)	—
Other liabilities at amortized cost:					
Accounts payable and accrued liabilities, net of current portion of interest rate swap		**(22,439)**	—	(22,439)	—
Current and long-term debt, gross		**(147,437)**	—	(147,437)	—

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
Level 2: other techniques for which all inputs that have a significant effect on the recorded value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

10. Financial Instruments and Financial Risk Management *(continued)*

Offsetting financial assets and liabilities

The Company sets off its positive cash balances with bank indebtedness in accordance with its mirror-netting agreement with a Canadian Chartered Bank. Positive cash balances at September 30, 2015 were equal to $712,000 (2014 – $741,000) while negative cash balances were $2,206,000 (2014 – $1,866,000) which net to a negative balance of $1,494,000 (2014 – $1,125,000). The Company does not set off any other financial instruments.

The following sections discuss the Company's risk management objectives and procedures as they relate to credit risk, market risk, liquidity risk and capital risk.

Credit risk

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. Credit exposure is managed through credit approval and monitoring procedures. 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 or full payments on account prior to providing service. The maximum credit exposure approximated $34,700,000 as at September 30, 2015 (2014 – $36,400,000), which included accounts receivable. 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 $762,000 as at September 30, 2015 (2014 – $800,000). The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables.

Approximately 87% 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. The total amount written off in the third quarter was $211,000 (2014 – $90,000), bringing the year-to-date total to $355,000 (2014 – $290,000), which represents a very small portion of accounts receivable and revenue. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

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. Counterparty risk is managed by only dealing with Canadian Chartered Banks having high credit ratings.

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 and interest rates.

a) *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 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. As at September 30, 2015, a 10% change in the share prices of each marketable security would result in an estimated $95,000 change in profit.

For the quarter ended September 30, 2015, the change in mark-to-market fair value of marketable securities, recorded in *Other expense*, was an unrealized loss of $174,000 and year-to-date was an unrealized loss of $163,000 (2014 – $648,000 unrealized loss in the third quarter and $814,000 unrealized gain year-to-date). As a result of the sale of certain marketable securities, realized losses were $nil in the third quarter and $136,000 year-to-date (2014 – realized gains of $nil in the third quarter and $836,000 year-to-date).

b) *Interest rate risk management*

The Company has in place an interest rate swap agreement with a Canadian Chartered Bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45,000,000 and expires in May 2017. The swap agreement involves 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. Changes in fair value of the swap are recorded in profit.

At quarter end, the aggregate fair value of the swap agreement was a $1,061,000 liability, of which $52,000 was classified as a current liability (2014 – $704,000; $32,000 classified as current).

10. Financial Instruments and Financial Risk Management *(continued)*

Market risk *(continued)*

b) Interest rate risk management (continued)

A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap at September 30, 2015, resulting in an estimated $286,000 change in profit.

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 facilities. 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. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, CCD payments, dividends and other contractual obligations that are disclosed below.

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

Obligation *(thousands of Canadian dollars)*		**12 months**	**Years 2 to 5**	**Thereafter**
Long-term debt *(note 5)*	$	**11,250**	136,187	—
Bank indebtedness		**1,494**	—	—
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		**19,940**	—	—
CCD commitments, undiscounted		**2,551**	6,068	—
	$	**35,235**	142,255	—

Assuming the long-term debt is renewed in 2018, which is consistent with past practice, the payments would be $45,000,000 for years two to five and $91,187,000 thereafter.

Capital risk

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 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 covenants on its credit facilities. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Financial projections are updated and reviewed regularly to reasonably ensure that financial 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 all the above as at September 30, 2015.

11. Earnings Per Share

(thousands)	Three months ended September 30 **2015**	2014	Nine months ended September 30 **2015**	2014
Weighted average common shares used in calculation of basic earnings per share	**26,694**	28,155	**27,608**	28,151
Effect of dilution related to executive stock options	**1,327**	1,146	**1,245**	1,185
Weighted average common shares used in calculation of diluted earnings per share	**28,021**	29,301	**28,853**	29,336

12. Operating Segment 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. Details of segment operations are set out below.

(thousands of Canadian dollars)	**Broadcasting**	**Corporate & Other**	**Total**	**Broadcasting**	**Corporate & Other**	**Total**
	Three months ended September 30			Nine months ended September 30		
2015						
Revenue	**$ 39,726**	**1,280**	**41,006**	**116,055**	**3,054**	**119,109**
Operating expenses	**(26,127)**	**(2,928)**	**(29,055)**	**(77,935)**	**(9,662)**	**(87,597)**
Segment profit (loss)	**13,599**	**(1,648)**	**11,951**	**38,120**	**(6,608)**	**31,512**
Depreciation, amortization and accretion of other liabilities	**(1,173)**	**(104)**	**(1,277)**	**(3,557)**	**(301)**	**(3,858)**
Interest expense	**—**	**(1,416)**	**(1,416)**	**—**	**(5,042)**	**(5,042)**
Other income (expense)	**30**	**(226)**	**(196)**	**41**	**(365)**	**(324)**
Profit (loss) before provision for income taxes	**$ 12,456**	**(3,394)**	**9,062**	**34,604**	**(12,316)**	**22,288**
Total assets				**$ 345,379**	**14,314**	**359,693**
Total liabilities				**(29,382)**	**(190,034)**	**(219,416)**
Other disclosures						
Broadcast licences				**262,029**	**—**	**262,029**
Goodwill				**12,014**	**—**	**12,014**
Capital expenditures	**$ (1,445)**	**(802)**	**(2,247)**	**(6,735)**	**(824)**	**(7,559)**
2014						
Revenue	$ 38,090	1,211	39,301	107,123	2,939	110,062
Operating expenses	(26,312)	(3,009)	(29,321)	(74,504)	(8,879)	(83,383)
Segment profit (loss)	11,778	(1,798)	9,980	32,619	(5,940)	26,679
Depreciation, amortization and accretion of other liabilities	(1,505)	(88)	(1,593)	(3,834)	(254)	(4,088)
Interest expense	—	(1,775)	(1,775)	—	(4,496)	(4,496)
Other income (expense)	(96)	(669)	(765)	(8,318)	1,648	(6,670)
Profit (loss) before provision for income taxes	$ 10,177	(4,330)	5,847	20,467	(9,042)	11,425
Total assets				$ 347,402	14,447	361,849
Total liabilities				(28,447)	(192,729)	(221,176)
Other disclosures						
Broadcast licences				265,753	—	265,753
Goodwill				15,466	—	15,466
Capital expenditures	$ (1,312)	(84)	(1,396)	(4,016)	(140)	(4,156)

Transfer agent and registrar
The transfer agent and registrar for the shares of the Company is the CST Trust Company at its offices in Halifax and Toronto.

For shareholder account inquiries:
Telephone: 1-800-387-0825 (toll free in North America)
e-mail: inquiries@canstockta.com
or write to: Newfoundland Capital Corporation Limited
c/o CST Trust Company
P.O. Box 700, Station B
Montreal, QC H3B 3K3

Investor relations contact
Institutional and individual investors seeking financial information about the Company are invited to contact Scott G. M. Weatherby, Chief Financial Officer and Corporate Secretary (902) 468-7557
E-mail: investorrelations@ncc.ca
web: www.ncc.ca

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.

Newfoundland Capital Corporation Limited
8 Basinview Drive, Dartmouth, Nova Scotia
Canada B3B 1G4

Tel:	(902) 468-7557
Fax:	(902) 468-7558
E-mail:	ncc@ncc.ca
Web address:	www.ncc.ca