Newfoundland Capital Corporation Limited

First Quarter 2015

Period Ended March 31 ***(unaudited)***

Dartmouth, N.S. – April 29, 2015, Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the first quarter ending March 31, 2015.

Highlights

- **Revenue** of $35.5 million was $7.0 million or 25% higher than last year. The increase was primarily due to incremental revenue from the Toronto and Vancouver stations which were acquired March 31, 2014.
- **Earnings before interest, taxes, depreciation and amortization ("EBITDA"[(1)])** of $7.1 million in the quarter were $2.6 million or 56% higher than last year. The majority of the EBITDA increase was derived from the acquired stations.
- **Profit for the period** was $2.5 million compared to last year's loss of $3.2 million. The loss last year was a result of recognizing costs of $8.4 million in the first quarter of 2014 related to the business acquisition.

Significant events

- March 31, 2015 marked the first anniversary of the acquisition of stations in Toronto and Vancouver. For the last twelve months consolidated revenue was $162 million and EBITDA was $44.2 million.
- Dividends aggregating $2.5 million were paid during the first quarter of 2015.

"We are pleased with the double-digit growth in revenue and EBITDA this quarter. While this is largely due to the financial results from our business expansion, organically we have also posted positive EBITDA growth which is an improvement over 2014", commented Rob Steele, President and Chief Executive Officer. "This quarter started out slow for most businesses in Canada, but beginning in February we began to see positive trending in national revenue for the first time in many months and we are hopeful this will be a trend for the rest of the year."

Financial Highlights – First Quarter

(thousands of dollars except share information)	**2015**	2014
Revenue	**$ 35,505**	28,463
EBITDA[(1)]	**7,087**	4,537
Profit (loss) for the period	**2,502**	(3,204)
Earnings (loss) per share – basic	**0.09**	(0.11)
Earnings (loss) per share – diluted	**0.09**	(0.11)
Share price, NCC.A (closing)	**8.99**	9.01
Weighted average number of shares outstanding *(in thousands)*	**28,184**	28,144
Total assets	**353,142**	355,080
Long-term debt, including current portion	**141,307**	146,968
Shareholders' equity	**142,994**	130,543

(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 March 31, 2015 and 2014 prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the annual audited consolidated financial statements and related notes prepared in accordance with IFRS and the MD&A contained in the Company's 2014 Annual Report. The Company's first 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 April 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 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:

- 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. This station will be on-air in 2015.
- January 2014 – received CRTC approval for a new FM licence in Fox Creek, Alberta (a repeater of CFXW-FM Whitecourt, Alberta). This licence will be launched in 2015.

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 dollars, except percentages and per share data)		**March 31, 2015**	March 31, 2014	**% Change**
Revenue	**$**	**35,505**	28,463	25%
Operating expenses		**(28,418)**	(23,926)	19%
EBITDA[(1)]		**7,087**	4,537	56%
Depreciation, amortization and accretion		**(1,310)**	(1,081)	21%
Interest expense		**(2,148)**	(881)	144%
Other expense		**(181)**	(6,920)	—
Profit (loss) before provision for income taxes		**3,448**	(4,345)	—
Provision for income tax (expense) recovery		**(946)**	1,141	—
Profit (loss) for the period	**$**	**2,502**	(3,204)	—
Earnings (loss) per share				
– Basic	**$**	**0.09**	(0.11)	—
– Diluted		**0.09**	(0.11)	—

(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 quarter, consolidated revenue of $35.5 million was $7.0 million or 25% higher than last year due to incremental revenue from the Toronto and Vancouver stations which were acquired March 31, 2014.

Operating expenses

Consolidated operating expenses of $28.4 million were $4.5 million or 19% higher than the first quarter last year due to the incremental operating costs related to the stations acquired.

EBITDA

Consolidated EBITDA in the quarter of $7.1 million was $2.6 million or 56% higher than last year. The increase was primarily due to the incremental EBITDA derived from the acquired stations.

Depreciation, amortization and accretion of other liabilities

In the quarter, depreciation and amortization expense was higher than 2014 because of a higher asset base. Accretion of other liabilities arises from discounting Canadian Content Development (“CCD”) commitments to reflect the fair value of the obligations. Accretion expense was higher than last year because of the accretion arising on the Toronto and Vancouver CCD commitments.

Interest expense

Interest expense in the first quarter was $2.1 million, $1.3 million or 144% higher than the prior year due to the debt required to finance the 2014 business acquisitions and the fact that the Company’s effective interest rate increased by approximately 1.5% due to the higher debt level.

Other income (expense)

Other income (expense) 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 consolidated Company’s performance such as acquisition-related costs and impairment charges. Other expense was $0.2 million in the quarter compared to $6.9 million in the same quarter last year. Last year’s expense included acquisition-related costs of $8.4 million. The Company recognized mark-to-market unrealized losses of $0.2 million in 2015 compared to unrealized gains of $1.4 million in 2014. 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

The effective income tax rate was 27% in the quarter, 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 provision for income taxes in the prior year was a recovery because of the loss incurred.

Profit (loss) for the period

First quarter profit was $2.5 million compared to last year’s loss of $3.2 million. The loss last year was a result of recognizing costs of $8.4 million in the first quarter of 2014 related to the Toronto and Vancouver business acquisition.

Other comprehensive income (“OCI”)

OCI consists of the net change in the fair value of the Company’s cash flow hedges and actuarial gains and losses arising on the Company’s defined benefit pension plans. The after-tax loss included in OCI in the first quarter of 2015 was less than $0.1 million (2014 – loss of 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

(thousands of dollars, except percentages)		**March 31, 2015**	March 31, 2014	**% Changes**	**Organic Growth**
Revenue	$	**34,646**	27,656	25%	(2%)
Operating expenses		**(25,627)**	(20,922)	22%	(4%)
EBITDA	$	**9,019**	6,734	34%	5%
EBITDA margin		**26%**	24%	2%	—

Revenue

Broadcasting revenue in the quarter of $34.6 million was $7.0 million or 25% higher than last year. Organic (same-station) revenue declined by 2% in the quarter while incremental revenue from the stations acquired in 2014 in Toronto, Vancouver and Saint John contributed positively by 27%. The overall industry growth rate for the three months ended March 31, 2015 was flat.

National advertising revenue in the industry as a whole showed some strengthening in February and there is optimism that this positive trend will continue. Organic national revenue in the first quarter was flat compared to last year. Organic local revenue was 2% lower than the same time last year. Certain same-station markets experienced revenue growth compared to the first quarter last year and those included Calgary with a 14% increase, Charlottetown with a 9% increase and stations in rural Alberta posted a 3% increase.

Operating expenses

For the quarter, broadcasting operating expenses were $25.6 million, up $4.7 million or 22% over last year. The increase in operating expenses was because of the costs associated with the stations acquired in 2014. Organically, expenses were down by $0.8 million or 4% compared to last year. There was a concerted effort to reduce discretionary expenses to help limit the impact the decrease in organic revenue would have on organic EBITDA results.

EBITDA

First quarter broadcasting EBITDA of $9.0 million was $2.3 million or 34% better than 2014. While the primary factor for increased EBITDA was the incremental results from the acquired stations; the effort to reduce costs in the organic markets resulted in organic EBITDA increasing by 5% compared to this time last year.

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 Operations

(thousands of dollars, except percentages)		**March 31, 2015**	March 31, 2014	**% Change**
Revenue	**$**	**859**	807	6%
Operating expenses		**(2,791)**	(3,004)	(7%)
EBITDA	**$**	**(1,932)**	(2,197)	12%

Revenue
Revenue in the first quarter of $0.9 million was $0.1 million or 6% higher than last year due to increased hotel revenue.

Operating expenses
Operating expenses of $2.8 million were $0.2 million or 7% lower than the first quarter last year primarily attributable to reduced corporate expenses.

EBITDA
EBITDA was higher than the same period last year mainly because of lower 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. Third quarter profit for 2013 was positively impacted by a reduction in provision for income taxes.

(thousands of Canadian dollars		**2015**	2014				2013		
except per share data)		**1st**	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	**$**	**35,505**	44,438	39,301	42,298	28,463	35,649	32,749	35,434
Profit (loss) for the period		**2,502**	2,593	4,265	7,541	(3,204)	10,295	8,656	5,972
Earnings per share									
– Basic		**0.09**	0.09	0.15	0.27	(0.11)	0.37	0.30	0.20
– Diluted		**0.09**	0.08	0.15	0.26	(0.11)	0.35	0.29	0.19

Selected cash flow information – three months ended March 31, 2015
In the quarter, cash flows from operating activities of $1.7 million combined with net debt borrowings of $3.1 million were used to pay dividends of $2.5 million and purchase property and equipment totaling $1.9 million.

Selected cash flow information – three months ended March 31, 2014
In the quarter, cash flows from operating activities of $1.2 million combined with net debt borrowings of $114.6 million were used to finance the $111.9 million business acquisition of broadcasting operations in Toronto and Vancouver, payment of dividends of $2.5 million and property and equipment purchases of $1.1 million.

Capital expenditures and capital budget

Capital expenditures for 2015 are expected to approximate $9.5 million. The major planned 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 $353.1 million were $3.5 million lower than December 31, 2014 due to the collection of trade receivables.

Liabilities, shareholders' equity and capital structure

As at March 31, 2015, the Company had $1.6 million of current bank indebtedness (2014 – $2.6 million) and $141.3 million of long-term debt, of which $11.3 million was current (2014 – $155.4 million of which $8.4 million was current). The capital structure consisted of 40% equity ($143.0 million) and 60% liabilities ($210.1 million) at quarter end (2014 – 37% equity or $130.5 million and 63% liabilities or $224.5 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 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 facility is being amortized over eight years and is repayable in quarterly instalments of $2.8 million. The maturity date for both credit facilities is March 2017.

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, interest coverage 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. In accordance with the terms of the Company's credit facilities, the undrawn amount as at March 31, 2015 approximated $11.0 million.

Positive cash balances

The Company does not maintain any significant positive cash balances; instead it uses the vast majority of its positive cash balances to reduce debt and minimize interest expense. As a result, the Company nets its deposits in banks with bank indebtedness. 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 its credit facility, it has a $5.0 million current operating credit line to fund any current obligations and it can also access any unused capacity in its revolving credit facility to fund obligations.

Working capital requirements
As at March 31, 2015, the Company's working capital was $2.0 million. The cash from current receivables will 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 a $5.0 million operating credit line.

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.

SHARE CAPITAL

Outstanding share data
The weighted average number of shares outstanding at March 31, 2015 was 28,184,000 (2014 – 28,144,000). As of this date, there are 24,414,804 Class A Subordinate Voting Shares ("Class A Shares") and 3,769,322 Class B Common Shares ("Class B Shares") outstanding.

Dividends
Dividends of $0.09 per share were declared in December to all shareholders of record as of December 31, 2014. Dividends of $2.5 million were paid January 30, 2015.

SHARE-BASED COMPENSATION PLANS

Executive stock option plan
A total of 2,222,500 stock options are outstanding pursuant to the Company's executive stock option plan. During the quarter, no options were granted by the Company (2014 – Nil). 125,000 options were exercised during the first quarter using the cashless exercise option resulting in 29,156 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 was $nil (2014 – less than $0.1 million).

Stock appreciation rights plan
There are no stock appreciation rights outstanding as at March 31, 2015. During the first quarter, the remaining 50,000 rights were exercised for cash proceeds of $0.1 million (2014 – 52,500 rights exercised for $0.2 million).

Compensation expense in the first quarter was $nil (2014 – less than $0.1 million). The total obligation for these rights at the end of the first 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 $45,000,000 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. 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 by approximately $0.4 million which would have flowed through profit.

As at March 31, 2015, the aggregate fair value payable of the swap agreement was $1.2 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 1 January 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. The standard comes into effect on January 1, 2017 with earlier adoption permitted. Management is assessing 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 three months ending March 31, 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 contributed very positively to the results of the Company since their acquisition date. During the last twelve months, consolidated revenue was $162 million and EBITDA was $44.2 million. Ratings in these markets have been quite strong in recent months. These stations are expected to continue to contribute positively to future results.

One of the big challenges throughout 2014 was that national advertising revenue was slower than previous years. In the month of February 2015, national advertising grew compared to the same time last year, both in the industry and for the Company. Future revenue bookings appear to show that this positive trend in national revenue is continuing.

Organically, revenue was down 2% in the first quarter compared to the same time last year but the effort to reduce discretionary spending was successful with organic EBITDA increasing by 5% over last year. The Company will continue to apply cost efficiency strategies to maximize organic EBITDA performance.

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 income (expense). A calculation of this measure is as follows:

	Three months ended March 31	
(thousands of Canadian dollars)	***2015***	*2014*
Profit (loss) for the period	***$ 2,502***	*(3,204)*
Provision for income tax expense (recovery)	***946***	*(1,141)*
Other expense	***181***	*6,920*
Interest expense	***2,148***	*881*
Depreciation, amortization and accretion of other liabilities	***1,310***	*1,081*
EBITDA	***$ 7,087***	*4,537*

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 ended March 31, 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 ended March 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards 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 April, 2015

Condensed Interim Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	Notes		**March 31 2015**	December 31 2014
Assets				
Current assets				
Marketable securities	10(a)	$	**1,356**	1,532
Receivables	10		**31,124**	35,615
Prepaid expenses			**1,130**	1,186
Income taxes recoverable			**317**	—
Total current assets			**33,927**	38,333
Non-current assets				
Property and equipment			**38,991**	38,342
Other assets			**1,586**	1,583
Broadcast licences			**262,029**	262,029
Goodwill			**12,014**	12,014
Deferred income tax assets			**4,595**	4,376
Total non-current assets			**319,215**	318,344
Total assets	5	$	**353,142**	356,677
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$	**1,556**	1,125
Accounts payable and accrued liabilities			**19,084**	21,817
Dividends payable			—	2,534
Income taxes payable			—	4,165
Current portion of long-term debt	5		**11,250**	11,250
Total current liabilities			**31,890**	40,891
Non-current liabilities				
Long-term debt	5		**130,057**	127,275
Other liabilities	10(b)		**17,169**	17,078
Deferred income tax liabilities			**31,032**	30,904
Total non-current liabilities			**178,258**	175,257
Total liabilities			**210,148**	216,148
Shareholders' equity			**142,994**	140,529
Total liabilities and shareholders’ equity		$	**353,142**	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 March 31 2015	2014
Revenue		$ **35,505**	28,463
Operating expenses		**(28,418)**	(23,926)
Depreciation, amortization and accretion of other liabilities		**(1,310)**	(1,081)
Interest expense		**(2,148)**	(881)
Other expense	4, 10(a)	**(181)**	(6,920)
Profit (loss) before provision for income taxes		**3,448**	(4,345)
Provision for income tax (expense) recovery			
Current		**(1,026)**	(251)
Deferred		**80**	1,392
Total provision for income tax (expense) recovery		**(946)**	1,141
Profit (loss) for the period		$ **2,502**	(3,204)
Earnings (loss) per share			
– Basic	11	$ **0.09**	(0.11)
– Diluted		**0.09**	(0.11)

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(unaudited)

(thousands of Canadian dollars)	Notes	Three months ended March 31 2015	2014
Profit (loss) for the period		$ **2,502**	(3,204)
Other comprehensive loss:			
Cash flow hedges:			
Net movement on interest rate swaps	10(b)	**(50)**	(61)
Income tax recovery		**13**	16
Other comprehensive loss that will be reclassified to profit and loss in subsequent periods		**(37)**	(45)
Comprehensive income (loss)		$ **2,465**	(3,249)

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		—	—	—	2,502	2,502
Other comprehensive loss		—	—	(37)	—	(37)
Total comprehensive income (loss)		—	—	(37)	2,502	2,465
Exercise of stock options		131	(131)	—	—	—
Balance at March 31, 2015	**$**	**36,727**	**2,471**	**(181)**	**103,977**	**142,994**

See accompanying notes to the interim financial statements

(thousands of Canadian dollars)		Issued share capital (note 6)	Contributed surplus (note 7)	Accumulated other comprehensive loss	Retained earnings	Total
Balance at January 1, 2014	$	36,495	2,680	107	94,503	133,785
Loss for the period		—	—	—	(3,204)	(3,204)
Other comprehensive loss		—	—	(45)	—	(45)
Total comprehensive loss		—	—	(45)	(3,204)	(3,249)
Exercise of stock options		101	(101)	—	—	—
Executive stock option compensation expense		—	7	—	—	7
Balance at March 31, 2014	**$**	**36,596**	**2,586**	**62**	**91,299**	**130,543**

See accompanying notes to the interim financial statements

Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	Notes	Three months ended March 31 **2015**	2014
Operating Activities			
Profit (loss) before provision for income taxes		$ **3,448**	(4,345)
Items not involving cash			
Depreciation, amortization and accretion of other liabilities		**1,310**	1,081
Share-based compensation expense	8	**—**	20
Unrealized losses (gains) on marketable securities	10(a)	**176**	(1,389)
Canadian Content Development commitments arising from business acquisitions not yet paid	4	**—**	6,243
Other		**(27)**	(80)
		4,907	1,530
Net change in non-cash working capital		**3,861**	2,393
		8,768	3,923
Interest paid		**(1,578)**	(1,671)
Income taxes paid		**(5,509)**	(1,049)
Net cash flow from operating activities		**1,681**	1,203
Financing Activities			
Change in bank indebtedness		**431**	1,594
Long-term debt borrowings		**5,500**	113,000
Long-term debt repayments		**(2,812)**	—
Dividends paid		**(2,534)**	(2,532)
Net cash flow from financing activities		**585**	112,062
Investing Activities			
Business acquisitions	4	**—**	(111,922)
Property and equipment additions		**(1,940)**	(1,101)
Canadian Content Development commitment payments		**(305)**	(220)
Other		**(21)**	(22)
		(2,266)	(113,265)
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 745 Windmill Road, Dartmouth, Nova Scotia, B3B 1C2. 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 April 29, 2015.

2. Basis of Preparation

a) Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standards 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.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the date of these statements. 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

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 1 January 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. The standard comes into effect on January 1, 2017 with earlier adoption permitted. Management is assessing 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

4. ACQUISITION OF BROADCASTING ASSETS *(continued)*

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 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 income (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 March 2017	$	**60,500**	66,500
Non-revolving term credit facility of $90 million, repayable in quarterly instalments, expires in March 2017		**81,562**	90,000
		142,062	156,500
Less: current portion of non-revolving credit facility		**(11,250)**	(8,438)
Less: debt transaction costs		**(755)**	(1,094)
	$	**130,057**	146,968

The $90 million revolving term credit facility has no set terms of repayment. The Company secured an additional $90 million non-revolving credit facility which was drawn on March 31, 2014 when the business acquisition disclosed in note 4 closed. The facility is being amortized over eight years and is repayable in quarterly instalments of $2,812,500. Both credit facilities expire on March 31, 2017. In accordance with the terms of the Company's credit facilities, the undrawn amount as at March 31, 2015 approximated $11.0 million.

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 28,184,126 at March 31, 2015 (2014 – 28,154,970).

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,219,282 Class A Subordinate Voting Shares ("Class A shares") and 75,386 Class B Common Shares ("Class B shares"). This bid expires May 21, 2015. During the first quarter, no shares were repurchased (2014 – nil).

Exercise of stock options

Pursuant to the Company's executive stock option plan disclosed in note 8, 125,000 options were exercised during the first quarter using the cashless exercise option resulting in 29,156 shares issued from treasury (2014 – 107,500 options exercised with 26,767 shares issued from treasury). Share capital was increased and contributed surplus was decreased by $131,000 (2014 – $101,000) as a result of the options being exercised.

7. CONTRIBUTED SURPLUS

		Three months ended March 31	
(thousands of Canadian dollars)		**2015**	2014
Balance January 1	$	**2,602**	2,680
Exercise of stock options *(note 6)*		**(131)**	(101)
Executive stock option plan compensation expense *(note 8)*		**—**	7
Balance March 31	**$**	**2,471**	2,586

8. SHARE-BASED COMPENSATION PLANS

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

Stock appreciation rights
There are no stock appreciation rights outstanding as at March 31, 2015. During the first quarter, the remaining 50,000 rights were exercised for cash proceeds of $84,500 (2014 – 52,500 SARS exercised for $159,000). Compensation expense in the first quarter was $nil (2014 – $13,000). The total obligation as at March 31, 2015 was $nil (2014 – $93,000).

Executive stock options
A total of 2,222,500 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.

No options were granted during the first quarter (2014 – nil). In the quarter, 125,000 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 was $nil (2014 – $7,000).

9. EMPLOYEE BENEFIT PLANS

		Three months ended March 31	
(thousands of Canadian dollars)		**2015**	2014
Defined contribution plan expense	$	**449**	416
Defined benefit plan expense		**98**	98

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:					
Cash and bank indebtedness	$	**(1,556)**	(1,556)	—	—
Marketable securities		**1,356**	1,356	—	—
Loans and receivables:					
Accounts receivable		**31,124**	—	31,124	—
Items accounted for as hedges:					
Interest rate swap payable		**(1,229)**	—	(1,229)	—
Other liabilities at amortized cost					
Accounts payable and accrued liabilities, net of current portion of interest rate swap		**(19,042)**	—	(19,042)	—
Current and long-term debt, gross		**(142,062)**	—	(142,062)	—

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 March 31, 2015 were equal to $2,033,000 while negative cash balances were $3,589,000 which net to a negative balance of $1,556,000. 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 $31,100,000 as at March 31, 2015 (2014 – $23,400,000), 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 $820,000 as at March 31, 2015 (2014 – $790,000). The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables.

Approximately 83% 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 first quarter was $85,000 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. With regard to the Company's derivative instruments, the 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 March 31, 2015, a 10% change in the share prices of each marketable security would result in an estimated $120,000 change in profit.

For the quarter ended March 31, 2015, the change in fair value of marketable securities, recorded in *other income (expense)*, was an unrealized loss of $176,000 (2014 – unrealized gain of $1,389,000).

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 $1,229,000 liability, of which $42,000 was classified as a current liability (2014 – $720,000; $31,000 classified as current).

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 by approximately $365,000 which would have flowed through profit.

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

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**	**2016 - 2019**	**Thereafter**
Long-term debt *(note 5)*	$	**11,250**	130,812	—
Bank indebtedness		**1,556**	—	—
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		**16,500**	—	—
CCD commitments, undiscounted		**2,584**	6,901	1,550
	$	**31,890**	137,713	1,550

Assuming the long-term debt is renewed in 2017, which is consistent with past practice, the payments would be $45,000,000 for the period 2016 to 2019 and $85,812,000 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 facility. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio, interest coverage 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 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 all the above as at March 31, 2015.

11. Earnings Per Share

	Three months ended March 31	
(thousands)	**2015**	2014
Weighted average common shares used in calculation of basic earnings per share	**28,184**	28,144
Effect of dilution related to executive stock options	**1,216**	1,225
Weighted average common shares used in calculation of diluted earnings per share	**29,400**	29,369

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 and Other	Total
2015				
Revenue	**$**	**34,646**	**859**	**35,505**
Operating expenses		**(25,627)**	**(2,791)**	**(28,418)**
Segment profit (loss)		**9,019**	**(1,932)**	**7,087**
Depreciation, amortization and accretion of other liabilities		**(1,213)**	**(97)**	**(1,310)**
Interest expense		**—**	**(2,148)**	**(2,148)**
Other income (expense)		**5**	**(186)**	**(181)**
Loss before provision for income taxes	**$**	**7,811**	**(4,363)**	**3,448**
Total assets	**$**	**339,845**	**13,297**	**353,142**
Total liabilities		**(23,085)**	**(187,063)**	**(210,148)**
Other disclosures				
Broadcast licences		**262,029**	**—**	**262,029**
Goodwill		**12,014**	**—**	**12,014**
Capital expenditures		**(1,929)**	**(11)**	**(1,940)**
2014				
Revenue	$	27,656	807	28,463
Operating expenses		(20,922)	(3,004)	(23,926)
Segment profit (loss)		6,734	(2,197)	4,537
Depreciation, amortization and accretion of other liabilities		(999)	(82)	(1,081)
Interest expense		—	(881)	(881)
Other income (expense)		(8,340)	1,420	(6,920)
Loss before provision for income taxes	$	(2,605)	(1,740)	(4,345)
Total assets	$	337,121	17,959	355,080
Total liabilities		(146,289)	(78,248)	(224,537)
Other disclosures				
Broadcast licences		265,168	—	265,168
Goodwill		15,466	—	15,466
Capital expenditures		(1,047)	(54)	(1,101)

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
745 Windmill Road, Dartmouth, Nova Scotia
Canada B3B 1C2

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