

Attention Business/Entertainment Editors:
Newfoundland Capital Corporation Limited - First Quarter 2009 - Period
Ended March 31 (unaudited)

DARTMOUTH, NS, May 7 /CNW/ - Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the first quarter ending March 31, 2009.

Highlights

Revenue in the broadcasting segment continued to grow in the first quarter despite the current economic climate.

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- Revenue of \$23.1 million was \$1.4 million, or 6% higher than last year due primarily to new stations launched by the Company within the past year.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA" (1)) of \$3.0 million in the quarter were \$0.2 million higher than last year, mostly attributable to lower corporate costs.
- Net income of \$0.6 million was on par with the same quarter last year.

Significant events

- In January, the Company announced that it would not proceed with its previously announced acquisition in Ontario. Because of the seriously deteriorating credit markets, increased costs of borrowing and the current economic climate, it was determined that it was not the appropriate time to increase the debt levels of the Company. The Company has the option to continue with this acquisition under the same terms and conditions up until April 30, 2010.
- The Company launched a new FM repeating signal in Pincher Creek, Alberta.
- The Company was approved for four new repeater licences in Prince Edward Island, and received approval to convert two more AM stations to FM in Alberta.

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"We are pleased that revenue grew in the first quarter, despite the poor economic environment", commented Rob Steele, President and Chief Executive Officer. "Our short-term strategy remains consistent: grow the Company organically, astutely continue our revenue producing efforts, reduce debt and continue with planned expansion activities. These include launching the new FM station in Sudbury which we hope to have on-air by early fall and we are developing plans to launch recently awarded FM conversions."

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Financial Highlights - First Quarter (thousands of dollars except share information)	2009	(restated) (2) 2008
Revenue	\$ 23,118	21,738
EBITDA(1)	3,022	2,850
Net income	552	574

Earnings per share - basic and diluted	0.05	0.05
Share price, NCC.A (closing)	19.00	20.00
Weighted average number of shares outstanding (in thousands)	10,991	11,091

Total assets	232,327	230,010
Long-term debt	71,840	64,499
Shareholders' equity	89,675	103,293

- (1) Refer to page 12 for the reconciliation of EBITDA to net income.
(2) Refer to page 10 for additional information on restatement of comparative figures.

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Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of May 7, 2009. The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the Company's financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended March 31, 2009 and 2008 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2008 Annual Report. These documents along with the Company's Annual Information Form and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com.

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

Corporate Profile

The Company is one of Canada's leading radio broadcasters with 81 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking.

Strategy and Objectives

With the Company's main goal being to increase value for shareholders, the Company's long-term strategy remains the same - maximizing returns on existing operations, converting AM stations to FM, and adding new licences through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process.

While all of these continue to be important and form the basis of the long-term plan, due to the uncertain economic climate, management's short-term focus is on organic growth and reducing debt. Management will continue to explore acquisition opportunities that fit the Company's growth strategy; however, it will not proceed with any transactions, projects or activities that are not cash accretive in the near term, pose unnecessary risks, or result in increasing debt to a level beyond management's tolerance. Decisions as to proceeding with new undertakings will be made in the best interest of the Company and its shareholders.

As stated in the Company's 2008 Annual Report, the short-term goals have

been re-aligned to focus on growth of existing operations and reducing debt. To date in 2009, operating results have been positive and the Company's total debt has been reduced thus far by \$2.4 million.

Corporate Developments

During 2008, the Company's investment portfolio of marketable securities experienced unrealized declines in value of \$7.9 million. In the first quarter of 2009, the value of these securities recovered by almost \$1.0 million. Until the global financial markets stabilize, fluctuations in the value of the portfolio could continue.

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

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2009 developments

- January 2009 - Received CRTC approval for four new FM repeater licences. These will allow the Company to broadcast the two FM stations in Charlottetown, Prince Edward Island to two new communities in the same province.
- March 2009 - Hot 89.9, located in Ottawa, Ontario, was named the 2008 Contemporary Hits Radio station of the year during Canada Music Week.
- April 2009 - CRTC approved two AM to FM conversions for stations in St. Paul and High Prairie, Alberta.

2008 developments

- March 2008 - Re-launched two stations in Alberta; CIQX-FM in Calgary as XL103-FM, and CKRA-FM in Edmonton as Capital-FM. Both feature Classic Hits from the 60's, 70's, and 80's and are outperforming their predecessors.
- June 2008 - Launched three new FM stations in Fort McMurray, Alberta, and in Kentville and Sydney, Nova Scotia. The formats are Classic Rock for Fort McMurray and Kentville while the Sydney station plays Top 40 music.
- July 2008 - Completed the purchase of the remaining 50% interest in Metro Radio Group Inc. for \$8.5 million. Metro Radio Group Inc. operates CKUL-FM in Halifax, Nova Scotia.
- July 2008 - Announced an agreement to exchange radio stations with Rogers Broadcasting Limited (a Division of Rogers Communications Inc. RCI.A and RCI.B) subject to approval from the CRTC. The Company will exchange its AM broadcast licence in Halifax, Nova Scotia and receive in return Rogers' AM licence in Sudbury, Ontario and cash consideration of \$5.0 million. Both simultaneously submitted applications for this transfer of assets along with applications requesting conversion of the AM licences to FM. In November 2008, the CRTC approved these applications and the new Sudbury FM should be on-air within the next six months.
- July 2008 - CRTC approved the Company's application for a new FM repeating signal in Pincher Creek, Alberta. This was on-air in early January 2009.
- December 2008 - CRTC approved the Company's application to convert an AM signal to FM in Athabasca, Alberta.

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

Consolidated Financial Review

Revenue

In the quarter, consolidated revenue of \$23.1 million was \$1.4 million or 6% higher than last year; this improvement came exclusively from the broadcasting segment.

Other income

Other income for the quarter of \$1.0 million was \$0.1 million or 10% higher than last year largely due to unrealized gains on marketable securities of \$1.0 million compared to last year's \$0.7 million.

Operating expenses

Consolidated operating expenses of \$21.1 million were \$1.3 million or 7% higher than the first quarter last year. The increase was a result of higher costs in the broadcasting segment due to recent new station launches.

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

Consolidated EBITDA in the quarter of \$3.0 million was \$0.2 million higher than last year. The improvement was achieved by reducing corporate costs.

A more detailed discussion on revenue, other income, operating expenses and EBITDA are described in the section entitled "Financial Review by Segment".

Depreciation and amortization

In the quarter, depreciation and amortization expense was \$0.1 million or 12% higher compared to 2008; a result of an increased depreciable asset base.

Interest expense

Interest expense in the first quarter was slightly higher than the prior year.

Accretion of other liabilities

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

Income taxes

The effective income tax rate this quarter was on par with the statutory rate of 35%.

Net income

First quarter net income of \$0.6 million was on par with last year.

Other comprehensive income ("OCI")

OCI consists of the net change in the fair value of the Company's cash flow hedges. These include interest rate swaps and an equity total return swap. The net change in the fair value of the interest rate swaps recorded in OCI in the quarter was after-tax income of \$0.1 million (2008 - \$0.4 million after-tax expense). The net change in the fair value of the equity total

return swap recorded in OCI was after-tax income of \$0.4 million (2008 - \$0.1 million after-tax expense).

Financial Review by Segment

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

As a result of adopting a new accounting policy more fully described in Note 2 of the Company's unaudited interim consolidated financial statements, the 2008 operating expenses were restated to include costs that were previously capitalized as pre-operating costs. As a result, the 2008 first quarter operating expenses were increased by \$0.3 million.

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

	2009	(restated) 2008	Growth

Revenue			
Broadcasting	\$ 22,255	21,002	6%
Corporate and other	863	736	17%

Consolidated revenue	23,118	21,738	6%

Other income			
Corporate and other	1,007	917	10%

Consolidated revenue and other income	24,125	22,655	6%

Operating expenses			
Broadcasting	18,855	17,407	8%
Corporate and other	2,248	2,398	(6%)

Consolidated operating expenses	21,103	19,805	7%

EBITDA			
Broadcasting	3,400	3,595	(5%)
Corporate and other	(378)	(745)	49%

Consolidated EBITDA	\$ 3,022	2,850	6%

	2009	2008	Growth

EBITDA Margins			
Broadcasting	15%	17%	(2%)
Consolidated	13%	13%	-

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Broadcasting segment

The Broadcasting segment derives its revenue from the sale of broadcast advertising from its 81 licences across the country. The performance of all reporting units within this segment is evaluated based on the same financial measure - EBITDA.

Broadcasting revenue in the quarter of \$22.3 million was \$1.3 million or 6% better than last year. The growth came primarily from incremental revenue derived by the new stations launched in the summer of 2008 as well as the 50% incremental interest in CKUL-FM acquired in July 2008.

For the quarter, broadcasting operating expenses were \$18.9 million, up \$1.4 million or 8% over last year. Variable costs were higher in line with the increased broadcasting revenue. In addition, incremental costs associated with the new stations accounted for approximately 6% of the 8% increase in operating expenses.

Broadcasting EBITDA in the first quarter of \$3.4 million was \$0.2 million or 5% lower than last year. This decline was a result of higher programming and marketing costs as the Company executes its strategy to differentiate itself from its competition. Corresponding EBITDA margins declined as well.

Corporate and other segment

The Corporate and other segment derives its revenue from hotel operations. Corporate and other also includes other income and expenses attributed to head office functions and investment income from the Company's marketable securities.

Corporate and other revenue in the first quarter of \$0.9 million was \$0.1 million or 17% higher than last year, due to increased hotel revenue.

Other income is solely derived from this operating segment. It consists of realized and unrealized gains and losses related to marketable securities, interest, dividends and distributions from investments. This quarter's other income of \$1.0 million was \$0.1 million or 10% better than last year due mostly to higher unrealized gains from the portfolio of marketable securities. During the 2009 first quarter, unrealized gains were \$1.0 million compared to \$0.7 million last year.

Corporate and other operating expenses of \$2.2 million were down from \$2.4 million in 2008. The primary reason for the decrease was lower costs associated with executive compensation.

The above-noted increases in hotel revenue and other income, along with lower operating costs, resulted in a \$0.4 million improvement over last year's corporate and other EBITDA.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations and as such the first quarter of the year is generally a period of lower retail spending. Other factors affecting the variability of net income in the quarters presented below are as follows. In 2008, the unrealized changes in the value of marketable securities affected net income in the quarters as follows: positive variance of \$4.8 million in the second quarter and negative fluctuations of \$8.8 million and \$4.6 million in the third and fourth quarters, respectively. In 2007, the second quarter's net income was affected by a \$3.8 million gain on disposal.

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(thousands of dollars except per share data)								
	2009	2008 (restated)				2007 (restated)		
	1st	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	\$ 23,118	29,962	26,658	27,423	21,738	27,736	25,405	26,159
Net income (loss)	552	(3,796)	(7,580)	6,157	574	5,613	1,179	5,654

Earnings								
per share								
- Basic	0.05	(0.34)	(0.69)	0.56	0.05	0.51	0.11	0.51
- Diluted	0.05	(0.34)	(0.69)	0.54	0.05	0.49	0.11	0.49

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Liquidity and capital resources

Selected cash flow information - three months ended March 31, 2009

Cash from operating activities of \$4.0 million was used to repay \$2.4 million in total debt, to purchase \$0.6 million of capital assets and to pay \$0.5 million toward CCD commitments.

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

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

Capital Structure and Debt Financing

As at March 31, 2009, the Company had \$1.6 million of current bank indebtedness outstanding and \$71.8 million of long-term debt. The working capital of \$3.5 million was \$1.7 million lower than the December 31, 2008 balance primarily due to the decrease in accounts receivable. The capital structure consisted of 38.6% equity (\$89.7 million) and 61.4% debt (\$142.6 million) at quarter end.

Credit Facility and Future Financing

The Company's syndicated credit facility of \$80.0 million is a revolving credit facility. The maturity date is June 2010 and as a result no portion of the revolving facility has been classified as current. Management anticipates that its facility will be renewed in 2010. Given the tightening credit markets, it is expected that interest costs and bank fees will increase upon renewal. The Company has chosen this type of credit facility because it provides flexibility with no scheduled repayment terms.

The Company's debt covenants include certain maximum or minimum ratios such as total debt to EBITDA, interest coverage and fixed charge coverage ratio. The total bank debt to EBITDA ratio, calculated in accordance with the Company's credit facility, was 3.9 to 1.0. Other covenants include seeking prior approval for: capital expenditures over a certain dollar limit, dividend payments in excess of certain thresholds, acquisitions in excess of a quantitative threshold and limits on the number of shares that can be repurchased in any given year. The Company was in compliance with the covenants throughout the quarter and at quarter end. The Company's focus on reducing debt, maximizing revenue and tight cost control will enable the Company to continue to meet its covenants for the foreseeable future.

Capital Expenditures and Capital Budget

The capital expenditures for 2009 are expected to be approximately \$5.0 million. The major planned expenditures include launching recently awarded AM to FM conversions as well as general improvements and upgrades. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

Cash Requirements in 2009

Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content

Development payments, dividends and other contractual obligations as disclosed in the Company's 2008 Annual Report. Cash generated from operations, combined with the availability of the credit facility, is sufficient to meet the Company's cash requirements. Based on this, the Company anticipates it will be able to meet all its future known cash requirements.

Commitments and Contractual Obligations

There has been no substantial change in the Company's commitments and contractual obligations since the publication of the 2008 Annual Report.

Off-Balance Sheet Arrangements

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

Financial Condition

Capital employed

Assets at quarter end totalled \$232.3 million, down from \$235.8 million at December 31, 2008 primarily due to decreased accounts receivable.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 486,659 Class A Subordinate Voting Shares ("Class A shares") and 62,877 Class B Common Shares. This bid expires February 8, 2010. The Company did not repurchase any of its outstanding Class A shares during the first quarter in 2009 and 2008.

Outstanding share data

The weighted average number of shares outstanding was 10,991,000 as compared to last year's 11,091,000; the reduction due to the repurchase of 100,000 Class A shares in April 2008 for a total cost of \$1.8 million pursuant to the Normal Course Issuer Bid. As at May 7, 2009, there are 9,733,189 Class A shares and 1,257,551 Class B Common Shares outstanding.

Executive Compensation

Executive stock option plan

Compensation expense related to executive stock options for the three months ended March 31, 2009 was less than \$0.1 million (2008 - less than \$0.1 million). Refer to Note 3 of the unaudited interim consolidated financial statements for further details relating to the executive stock option plan.

Stock appreciation rights plan

For the quarter ended March 31, 2009, the compensation expense related to stock appreciation rights ("SARs") was \$0.2 million (2008 - \$0.1 million) and the total obligation was \$0.3 million (2008 - \$0.8 million). Refer to Note 5 of the unaudited interim consolidated financial statements for further details relating to SARs.

Derivative Financial Instruments and Financial Risk Management

For more detailed disclosures about derivative financial instruments and financial risk management, refer to Note 7 of the unaudited interim consolidated financial statements.

Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with Canadian chartered banks. The swap agreements expire in 2013 and involve the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. The aggregate notional amount of the swap agreements was \$60.0 million (2008 - \$45.0 million). The Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated at March 31, 2009 was \$6.9 million (2008 - \$0.7 million). After-tax, the unrealized non-cash gain recognized in OCI for the quarter was \$0.1 million (2008 - loss of \$0.4 million).

Share price volatility management

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

The Company has concluded that this cash flow hedge is effective. The estimated fair value of the equity total return swap receivable at March 31, 2009 was \$0.6 million (2008 - \$1.0 million). After-tax the unrealized non-cash gain recognized in OCI for the quarter was \$0.4 million (2008 - loss of \$0.1 million).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various stocks in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility has caused significant fluctuations in all its marketable securities. It is uncertain when this volatility will stabilize. As at March 31, 2009, a 10% change in the share prices of each marketable security would result in a \$0.4 million after-tax change in net income.

Credit risk management

Credit risk is the exposure that the Company faces with respect to amounts receivable from other parties. Credit exposure is managed through credit approval and monitoring procedures.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize credit risk. The Company reviews its receivables for possible indicators of

impairment on a regular basis and as such, it maintains a provision for potential credit losses.

At March 31, 2009, the Company's credit exposure as it related to its receivables was slightly higher than in the past due to the recent Canadian economic conditions. The Company sells advertising airtime primarily to retail customers and since their results may also be impacted by the current economy, it is difficult to predict the impact this could have on the Company's receivables' balance. The Company maintains a provision for potential credit losses and it believes the provision to be adequate at this time given the current circumstances.

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 interest rate swaps and the equity total return swap, the Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks.

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. Management believes its liquidity risk is low given the known future cash requirements. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Please refer to the earlier discussion in the "Liquidity and Capital Resources" section for a more thorough discussion on this topic.

Capital Management

The Company defines its capital as shareholders' equity. The Company's objective when managing capital is to pursue its strategy of growth through acquisitions and through organic operations so that that it can continue to provide adequate returns for shareholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or repurchase shares. The Directors and Senior Management of the Company are of the opinion that from time to time the purchase of its shares at the prevailing market price would be a worthwhile investment and in the best interests of the Company and its shareholders. Material transactions and those considered to be outside the ordinary course of business, such as acquisitions and other major investments or disposals, are reviewed and approved by the Board of Directors.

Adoption of new accounting policies

Effective January 1, 2009, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 - Goodwill and Intangible Assets. This Section establishes the standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this Section resulted in a change in how the Company accounts for its pre-operating costs related to new station launches. Prior to adopting this policy, the Company capitalized pre-operating costs and amortized them over the initial term of the related broadcast licences. Capitalization of these costs is no longer permitted and therefore will be recorded in net income as incurred. For pre-operating balances that existed on January 1, 2009, they were accounted for retrospectively with restatement of comparative figures in accordance with Section 1506 Accounting Changes.

As a result, March 31, 2008 comparative figures were restated as follows: operating expenses were increased by \$0.3 million, amortization expense was reduced by \$0.1 million and future income tax expense was decreased by \$0.1

million. These restatements caused basic earnings per share to decrease from \$0.07 to \$0.05 and diluted earnings per share went from \$0.06 to \$0.05. The 2008 opening retained earnings were reduced by \$1.8 million, which represented the after-tax adjustments relating to periods prior to January 1, 2008. The December 31, 2008 comparative balance sheet was restated as follows: other assets were reduced by \$2.8 million, future tax liabilities were reduced by \$0.8 million and retained earnings were reduced by \$2.0 million.

Future Accounting Policy Changes

On February 13, 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will be required for publicly accountable profit-oriented enterprises for fiscal years beginning on or after January 1, 2011. After that date, IFRS will replace Canadian GAAP for those enterprises. The Company will apply IFRS beginning January 1, 2011. The Company is in the process of assessing the effect of IFRS on its accounting policies, information systems, internal controls, financial statements and other business activities.

Critical Accounting Estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2008 Annual Report.

Risks and Opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2008 Annual Report.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred in the three months ending March 31, 2009 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Outlook

During the first quarter of 2009, the Company continued to post revenue growth in its core operating segment. It is difficult to predict if positive growth will be sustainable throughout the rest of the year given the current economic climate.

To mitigate the impact of potential slower growth in revenue, management has undertaken cost-saving measures towards achieving its EBITDA targets. These cost-saving measures include keeping salaries in 2009 more or less at the same levels as 2008, reducing discretionary costs and deferring certain other costs to a time when the economy begins to show positive momentum. Thus far, these measures have had the intended effect.

Management is using free cash flow to pay down debt. Given the tightening credit markets, the increased costs of borrowing, and since there are no major financing requirements in the near term, further debt reduction is expected and is a key objective.

Despite the economic condition, management remains committed to its long-term strategy of growing the Company through new licences, and these are the initiatives currently being worked on:

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- The new Sudbury, Ontario FM station is expected to be launched within the next six months which will complement the existing FM station there and allow the Company to immediately expand revenue and EBITDA;
- The Athabasca, Alberta AM station is being converted to FM and is expected to be on-air in 2009;
- Management is in the planning stages of launching four repeater licences in Prince Edward Island and will begin planning the AM to FM conversions in St. Paul and High Prairie, Alberta; and

- Management continues to be active in submitting applications to the CRTC for new licences and for AM to FM conversions.

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During periods of economic uncertainty, community involvement is extremely important and employees of this Company have demonstrated their dedication to assisting local charities, events, and fundraisers. The connection with and understanding of the people of the communities where we operate is an integral part of the Company's success.

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Non-GAAP Measure

(1) EBITDA is defined as net income excluding depreciation and amortization expense, interest expense, accretion of other liabilities and provision for income taxes. A calculation of this measure is as follows:

(thousands of dollars)	Three months ended March 31 (restated)	
	2009	2008
Net income	\$ 552	574
Provision for income taxes	316	286
Accretion of other liabilities	227	242
Interest expense	1,008	928
Depreciation and amortization expense	919	820
EBITDA	\$ 3,022	2,850

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

Newfoundland Capital Corporation Limited

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months ended March 31, 2009 and 2008

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

The accompanying unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2009 and 2008 have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management.

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

Dated this 7th day of May, 2009

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Interim Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	(restated)	
	March 31 2009	December 31 2008
ASSETS		
Current assets		
Marketable securities	\$ 5,188	4,196
Receivables	18,855	24,054
Prepaid expenses	957	974
Other assets	121	-
Future income tax assets	4,232	4,156
Total current assets	29,353	33,380
Property and equipment	37,031	37,342
Other assets (note 2)	5,082	4,167
Broadcast licences	151,773	151,773
Goodwill	7,045	7,045
Future income tax assets	2,043	2,069
	\$ 232,327	235,776

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Bank indebtedness	\$ 1,582	2,003
Accounts payable and accrued liabilities	15,495	17,446
Dividends payable	-	-
Income taxes payable	8,741	8,719
Current portion of long-term debt	-	5
Total current liabilities	25,818	28,173
Long-term debt	71,840	73,840
Other liabilities	23,401	23,953
Future income tax liabilities (note 2)	21,593	21,167
Shareholders' equity	89,675	88,643
	\$ 232,327	235,776

Commitments (note 7)

See accompanying notes to the interim consolidated financial statements

**Interim Consolidated Statements of Income
(unaudited)**

(thousands of dollars except per share data)	Three months ended March 31	
	2009	(restated) 2008
Revenue	\$ 23,118	21,738
Other income	1,007	917
	24,125	22,655
Operating expenses (note 2)	21,103	19,805
Depreciation	907	808
Amortization of deferred charges (note 2)	12	12

Operating income	2,103	2,030
Interest expense (note 7)	1,008	928
Accretion of other liabilities (note 7)	227	242
	-----	-----
	868	860
Provision for income taxes (note 2)	316	286
	-----	-----
Net income	\$ 552	574
-----	-----	-----
Earnings per share (notes 2 and 8)		
- basic and diluted	\$ 0.05	0.05
-----	-----	-----

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Shareholders' Equity
(unaudited)

	Three months ended March 31 (restated)	
(thousands of dollars)	2009	2008
-----	-----	-----
Retained earnings, beginning of period, as originally stated	\$ 50,581	59,621
Retrospective application of change in accounting policy (note 2)	(2,034)	(1,758)
	-----	-----
Retained earnings, beginning of period, as restated	48,547	57,863
Net income	552	574
	-----	-----
Retained earnings, end of period	49,099	58,437
Capital stock	42,913	43,345
Contributed surplus (note 4)	1,992	1,813
Accumulated other comprehensive loss	(4,329)	(302)
	-----	-----
Total shareholders' equity	\$ 89,675	103,293
-----	-----	-----

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Comprehensive Income
(unaudited)

	Three months ended March 31 (restated)	
(thousands of dollars)	2009	2008
-----	-----	-----
Net income	\$ 552	574
-----	-----	-----
Other comprehensive income (loss):		
Change in fair values of cash flow hedges		
Interest rate swaps (note 7(b)):		
Decrease in fair value	(58)	(609)
Reclassification to net income of interest expense	111	31

Related income tax recovery	-	163
	53	(415)

Total equity return swap (note 7(c)):		
Increase in fair value	850	-
Reclassification to net income of realized gains	(318)	(145)
Related income tax (expense) recovery	(152)	50
	380	(95)

Other comprehensive income (loss)	433	(510)

Comprehensive income	\$ 985	64

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statement of Accumulated Other
Comprehensive Loss
(unaudited)

	Three months ended March 31	
(thousands of dollars)	2009	2008

Accumulated other comprehensive (loss) income, beginning of period	\$ (4,762)	208
Other comprehensive income (loss) for the period	433	(510)

Accumulated other comprehensive loss, end of period	\$ (4,329)	(302)

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Cash Flows
(unaudited)

	Three months ended March 31 (restated)	
(thousands of dollars)	2009	2008

Operating Activities		
Net income	\$ 552	574
Items not involving cash		
Depreciation and amortization	919	820
Future income taxes	223	(36)
Executive stock-based compensation plans (notes 3 and 5)	231	118
Accretion of other liabilities (note 7)	227	242
Unrealized gains on marketable securities (note 7)	(992)	(700)
Other	(368)	(187)

	792	831
Change in non-cash working capital relating to operating activities	3,210	(1,445)
	4,002	(614)

Financing Activities		
Change in bank indebtedness	(421)	1,167
Long-term debt borrowings	-	3,500
Long-term debt repayments	(2,005)	(6)
Dividends paid	-	(1,664)
	(2,426)	2,997

Investing Activities		
Property and equipment additions	(596)	(1,601)
Canadian Content Development commitment Payments	(518)	(486)
Other	(462)	(296)
	(1,576)	(2,383)

Cash, beginning and end of period	-	-

Supplemental Cash Flow Information		
Interest paid	\$ 423	860
Income taxes paid	70	72

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements - March 31, 2009 and 2008 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2008 annual financial statements. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all of the information and disclosures required by GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes contained in the Company's 2008 Annual Report.

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

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

The Company's accounting policies have remained unchanged since the 2008 Annual Report with the exception of the adoption of a new accounting policy described in Note 2.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064 - Goodwill and Intangible Assets. This Section establishes the standard for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this Section resulted in a change in how the Company accounts for its pre-operating costs related to new station launches. Prior to adopting this policy, the Company capitalized pre-operating costs and amortized them over the initial term of the related broadcast licences. Capitalization of these costs is no longer permitted and therefore will be recorded in net income as incurred. For pre-operating balances that existed on January 1, 2009, they were accounted for retrospectively with restatement of comparative figures in accordance with Section 1506 Accounting Changes. The effect of the changes on the March 31, 2008 statement of income and earnings per share comparative figures is tabulated below. The changes in the December 31, 2008 comparative balance sheet figures are also presented below.

As a result, March 31, 2008 comparative figures were restated as follows: operating expenses were increased by \$335,000, amortization expense was reduced by \$134,000 and future income tax expense was decreased by \$53,000. These restatements caused basic earnings per share to decrease from \$0.07 to \$0.05 and diluted earnings per share went from \$0.06 to \$0.05. The 2008 opening retained earnings were reduced by \$1,758,000, which represented the after-tax adjustments relating to periods prior to January 1, 2008. The December 31, 2008 comparative balance sheet was restated as follows: other assets were reduced by \$2,858,000, future tax liabilities were reduced by \$824,000 and retained earnings were reduced by \$2,034,000.

3. CAPITAL STOCK

The Company has approval under a Normal Course Issuer Bid to repurchase up to 486,659 Class A Subordinate Voting Shares ("Class A shares") and 62,877 Class B Common Shares. This bid expires February 8, 2010. The Company did not repurchase any of its outstanding Class A shares during the first quarter in 2009 and 2008.

Pursuant to the executive stock option plan, 30,000 options (2008 - 35,000) were granted at a weighted average exercise price of \$17.50 (2008 - \$19.99) in the first quarter. The options vest at a rate of twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates and the options expire February 24, 2014. No options were exercised in the first quarter (2008 - nil). Compensation expense related to stock options for the three months ended March 31, 2009 was \$47,000 (2008 - \$35,000).

4. CONTRIBUTED SURPLUS

(thousands of dollars)

Balance, January 1, 2008	\$ 1,778
Executive stock option plan compensation expense	35

Balance, March 31, 2008	1,813
Executive stock option plan compensation expense	179

Balance, March 31, 2009	1,992

5. STOCK APPRECIATION RIGHTS

In January 2006, the Company granted 425,000 stock appreciation rights ("SARs") at a reference price of \$16.53. In 2007, 90,000 SARs were granted at a weighted average reference price of \$19.83. On February 24, 2009, 50,000 SARs were granted at a reference price of \$17.20. As at March 31, 2009, 85,000 SARs were expired and 5,000 SARs were exercised. The rights vest at a rate of 50% at the end of year three, 25% at the end of year four and 25% at the end of year five. The rights are exercisable as they vest. At the date of exercise, cash payments are made to the holders based on the difference between the market value of the Company's Class A shares and the reference price. All SARs granted under this plan expire on the 60th day following the 5th anniversary of the grant date. For the quarter ended March 31, 2009, the compensation expense related to SARs was \$184,000 (2008 - \$83,000) and the total obligation was \$251,000 of which \$150,000 was classified as current (2008 - long-term compensation payable of \$840,000).

6. EMPLOYEE BENEFIT PLANS

(thousands of dollars)	Three months ended March 31	
	2009	2008
Defined contribution plan expense	\$ 340	348
Defined benefit plan expense	125	126

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Asset / Liability	Classification	Measurement
Cash and bank indebtedness	Held for trading	Fair value
Marketable securities	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost using EIM(x)
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using EIM
Long-term debt	Other liabilities	Amortized cost using EIM
Canadian Content Development commitments, included in other liabilities	Other liabilities	Amortized cost using EIM

(x)EIM - effective interest method

Marketable securities and cash are able to be settled in the near term; therefore, they meet the criteria required to classify them as held for trading. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. The fair value of marketable securities is based on the quoted share prices in active markets. Additional information on marketable securities is disclosed under the section entitled "Market Risk" below.

Financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using EIM. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life

of the financial instrument. Interest income and expense related to financial assets and financial liabilities are being recorded using the EIM. Interest expense on long-term debt for the first quarter was \$992,000 (2008 - \$867,000). First quarter accretion expense on Canadian Content Development commitments ("CCD") aggregated \$227,000 (2008 - \$242,000), based on EIM rates ranging from 8.9% to 14.3%.

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

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

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

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which includes quoted share prices in active markets, interest rates and the Company's quoted share price as it relates to the stock appreciation rights plan.

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 stocks in varying industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. Despite the Company's intent to minimize this risk, the current stock market volatility continues to cause fluctuations in all its marketable securities. It is uncertain when this volatility will stabilize. For the quarter ended March 31, 2009, the change in fair value of marketable securities, recognized in other income, was an unrealized gain of \$992,000 (2008 - \$700,000). As at March 31, 2009, a 10% change in the share prices of each marketable security would result in a \$425,000 after-tax change in net income.

b) Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company has entered into interest rate swap agreements with Canadian chartered banks. The swap agreements involve the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is

settled quarterly with the bank and recorded as an increase or decrease to interest expense. The Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates.

On June 23, 2008, the Company entered into two new interest rate swap agreements; one has a notional value of \$15,000,000 and expires in June 2013, and the other has a notional amount of \$45,000,000 and expires in May 2013. Three former interest rate swap agreements, having an aggregated notional value of \$45,000,000 were terminated and as a result the fair value of these agreements (\$349,000 payable) was blended into the interest rate of the new \$45,000,000 swap agreement. This fair value payable will be transferred from other comprehensive income ("OCI") to net income (as interest expense) over the remaining term of the original three swap agreements which expired between 2009 and 2011. The amount related to this fair value payable transferred to net income from OCI for the quarter was \$53,000 (2008 - \$nil).

The aggregate notional amount of the Company's swap agreements was \$60,000,000 (2008 - \$45,000,000). The aggregate fair value of the swap agreements, which represents the amount that would be payable by the Company if the agreements were terminated on March 31, 2009, was \$6,854,000 (2008 - \$690,000). The before-tax decrease in fair value recognized in OCI was \$58,000 (2008 - \$609,000). The total amount transferred from OCI to net income was \$111,000 (2008 - \$31,000). OCI income tax recorded in the quarter was \$nil (2008 - income tax recovery of \$163,000).

c) Share price volatility risk management

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

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

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

In order to qualify for hedge accounting, there must be reasonable assurance that the instrument is and will continue to be an effective hedge. At the inception of the hedge and on an ongoing basis, the Company formally assesses and documents whether the hedging

relationship is effective in offsetting changes in cash flows of the hedged item. Gains or losses realized on the quarterly settlement dates are recognized in other income in the same period as the SAR Plan compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in OCI until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of the equity total return swap receivable at March 31, 2009 was \$616,000, of which \$121,000 was current (2008 - \$1,041,000 of which \$759,000 was current). Before tax, the increase in the fair value of the swap recognized in OCI was \$850,000 (2008 - \$nil). On a before-tax basis, realized gains of \$318,000 were transferred from OCI to net income (2008 - \$145,000). OCI income tax expense for the quarter on this swap was \$152,000 (2008 - income tax recovery of \$50,000).

Credit risk

Credit risk is the exposure that the Company faces with respect to amounts receivable from other parties. The maximum credit exposure approximated \$19,500,000 as at March 31, 2009, which included accounts receivable and the equity total return swap receivable.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. The Company does not require collateral or other security from clients for trade receivables; however the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits 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 which approximated \$1,200,000 as at March 31, 2009. 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.

At March 31, 2009, the Company's credit exposure as it related to its receivables was slightly higher than in the past reporting periods due to the recent Canadian economic conditions. The Company sells advertising airtime primarily to retail customers and since their results may also be affected by the current economy, it is difficult to predict the impact this could have on the Company's receivables' balance. 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 interest rate swaps and the equity total return swap, the Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash

flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development payments, dividends and other contractual obligations disclosed below. Cash generated from operations, combined with the availability of the credit facility, is sufficient to meet the Company's cash requirements.

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

Obligation (thousands of dollars)	12 months	2010-2014	Thereafter
Long-term debt	\$ -	71,840	-
CCD commitments	2,665	9,187	165
Operating leases	2,940	8,663	2,891
Pension funding obligation	375	2,500	3,200
	\$ 5,980	92,190	6,256

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.

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

The Company is subject to certain covenants on its credit facility. The Company's debt covenants include certain maximum or minimum ratios such as total debt ratio, interest coverage and fixed charge coverage ratio. Other covenants include seeking prior approval for capital expenditures over a certain dollar limit, dividend payments over a certain amount per

share, acquisitions in excess of a quantitative threshold and limits on the number of shares that can be repurchased in any given year. 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, 2009.

8. EARNINGS PER SHARE

(thousands)	Three months ended March 31	
	2009	2008
Weighted average common shares used in calculation of basic earnings per share	10,991	11,091
Incremental common shares calculated in accordance with the treasury stock method	296	341
Weighted average common shares used in calculation of diluted earnings per share	11,287	11,432

9. SEGMENTED INFORMATION

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

(thousands of dollars)	Broadcasting	Corporate and other	Total
2009			
Revenue	\$ 22,255	863	23,118
Other income	-	1,007	1,007
Operating expenses	22,255	1,870	24,125
Depreciation and amortization	18,855	2,248	21,103
	843	76	919
Operating income (loss)	\$ 2,557	(454)	2,103
Assets employed	\$ 213,196	19,131	232,327
Goodwill	7,045	-	7,045
Capital expenditures	572	24	596
2008			
Revenue	\$ 21,002	736	21,738
Other income	-	917	917

	21,002	1,653	22,655
Operating expenses	17,407	2,398	19,805
Depreciation and amortization	748	72	820
Operating income (loss)	\$ 2,847	(817)	2,030
Assets employed	\$ 200,853	29,157	230,010
Goodwill	4,859	-	4,859
Capital expenditures	1,530	71	1,601

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