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Attention Business/Financial/Entertainment Editors:
Newfoundland Capital Corporation Limited - Third Quarter 2006 - Period Ended September 30 (unaudited)

DARTMOUTH, NS, Nov. 9 /CNW/ - Newfoundland Capital Corporation Limited (the "Company"), one of Canada's leading small and medium market radio broadcasters, today announces its financial results for the third quarter ended September 30, 2006.

Highlights

Advertising revenue increases from recent new station launches and acquisitions contributed to third quarter and year-to-date revenue growth.

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- Revenue grew 18% to $22.8 million in the quarter and 18% to $65.9 million year-to-date.
- Earnings before interest, taxes, depreciation and amortization (EBITDA(1)) for Broadcasting improved 9% to $5.6 million. Consolidated EBITDA was $2.6 million in the quarter down from $4.2 million last quarter due to a provision for decline in value of short-term investments, consistent with a general decline in the stock market. Year-to-date EBITDA of $17.5 million is more than last year's $13.3 million due to investment gains recognized in the second quarter.
- Net income this quarter was nominal due to the provision for decline in value of the short-term investments but was $1.3 million better than the same period last year in which the Company absorbed a non-recurring settlement. Year-to-date net income is $8.7 million, $5.3 million higher than last year as a result of the net investment gains.
- A dividend of $0.15 on Class A Subordinate Voting and Class B common shares was paid on September 15, 2006.
- The Company holds 762,000 units in the Halterm Income Fund, which has entered into a sale and purchase agreement. If all conditions of the agreement are met, this will result in a distribution to the Company of approximately $14.5 million in early 2007.

There were no acquisitions this quarter but the Company continues its expansion by way of new licence approvals such as the new FM licence in Calgary, Alberta awarded on August 2, 2006. Management is proceeding expeditiously to launch this station early next year. The Company currently has eleven applications in various stages with the Canadian Radio-television and Telecommunications Commission (CRTC), the most recent being presentations for new licences in Fort McMurray, Medicine Hat and Grande Prairie, Alberta and Regina and Saskatoon, Saskatchewan.

"Our attention continues to be on the expansion of our assets and our margins. This year we have invested heavily in audience research, marketing and promotion in a number of markets where we have new formats or new station start-ups" commented Rob Steele, President and Chief Executive Officer. "We expect these new start-ups and acquisitions to generate accretive earnings over the medium and long term. Radio broadcasting in Canada is demonstrating excellent revenue growth right now and we anticipate that to continue well into the future. Newcap Radio is succeeding in its approach of aggregating assets regionally while growing the Company through new licence awards and acquisitions".

Financial Highlights - Third Quarter

(thousands of dollars except share information)	2006	2005
Revenue	$ 22,788	19,359
EBITDA(1)	2,621	4,161
Net income (loss)	9	(1,245)

Earnings per share - basic	0.00	(0.11)
- diluted	0.00	(0.11)
Share price, NCC.A (closing)	17.45	16.75
Weighted average number of shares outstanding (in thousands)	11,197	11,398
Total assets	212,866	197,814
Long-term debt	46,636	41,156
Shareholders' equity	89,213	83,475

Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of November 9, 2006. The purpose of the Management's Discussion and Analysis (MD&A) is to provide readers with additional complementary information regarding the Company's financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended September 30, 2006 and 2005 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2005 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. 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 small and medium market radio broadcasters with 74 licences across Canada. The Company reaches millions of listeners each week through a variety of formats and is a recognized industry leader in radio programming, sales and networking.

Strategy and objectives

The Company's strategy is the same as that published in the 2005 Annual Report. The overall goal is to increase the Company's presence in strategic markets by making sound investments in radio broadcast licences. Management is focused on growth to increase shareholder value. The "Corporate developments" section describes some of the Company's progress to-date.

Corporate developments

The corporate developments below should be considered when reviewing the "Overview of consolidated operating results" section.

2006 acquisitions and approvals of new licences

In August the Company was awarded a second FM licence in Calgary, Alberta, one of the fastest growing economic centres in Canada. Calgary is the fourth largest market in the country in terms of radio advertising dollars and the

station is an important addition to the Company's portfolio. Management is presently focused on the launch of the station in early 2007.

- January 18, 2006 - awarded a new FM radio licence in Lac La Biche, Alberta. This is the first commercial radio station to serve this community and is expected to launch in 2007.
- March 10, 2006 - awarded full-station status, from repeater status, in Bonnyville, Alberta which allows the Company to originate and broadcast from that community. KOOL-FM, featuring contemporary hits, was launched in May.
- March 23, 2006 - the Canadian Radio-television and Telecommunications Commission (CRTC) approved the purchase of CKJS Limited which holds the CKJS-AM broadcast licence in Winnipeg, Manitoba. The transaction was completed April 30, 2006 for aggregate consideration of $2.3 million.
- March 24, 2006 - awarded an FM radio licence in Charlottetown, Prince Edward Island and a conversion of the Company's existing station, CHTN-AM, from an AM to FM signal. The new FM stations, Ocean-FM and K-ROCK, were successfully launched in June and July, respectively.
- August 2, 2006 - The CRTC awarded the Company a new Calgary FM licence as previously discussed. The new station, 90.3 on the FM band, will be a perfect complement to the existing station, California 103 and is expected to be launched within six months.

As a result of these new broadcast licences, the Company is committed to funding Canadian Talent Development (CTD) totalling $8.2 million over a seven year period.

2005 acquisitions and approvals of new licences

- January 31, 2005 - the Company acquired the assets of Shortell's Limited and its related companies in Lloydminster, Alberta, including three radio and two television broadcasting licences and an outdoor advertising business.
- May 30, 2005 - the Company acquired the broadcasting assets of Big Pond Communications (2000) Inc. in Thunder Bay, Ontario, the primary asset being an FM radio licence.
- September 26, 2005 - the Company acquired 100% of the common shares of 4323041 Canada Inc. entitling it to the property, assets, licences and rights in connection with the operation of two FM radio licences in Red Deer, Alberta.
- December 5, 2005 - the Company acquired the remaining 80.1% of the common shares of CKVN Radiolink System Inc., having initially acquired 19.9% in February 2005. This acquisition entitles the Company to the broadcast licence, net assets and rights used in connection with an FM radio licence in Winnipeg, Manitoba.
- The Company launched four FM radio broadcast licences in Alberta throughout 2005, a new FM licence in Fredericton, New Brunswick in July, and one in Ottawa, Ontario at the end of December.

The results of the above incremental operations have been included in the consolidated financial statements since the respective acquisition and launch dates.

Overview of consolidated operating results

The Company has one separately reportable segment - broadcasting, which derives its revenue from the sale of broadcast advertising. Corporate and other derives its revenue from hotel operations.

	Three months ended Sept. 30			Nine months ended Sept. 30		
			Growth			Growth
(thousands of						

dollars except percentages)	2006	2005	Total	Organic	2006	2005	Total	Organic
Revenue								
Broadcasting	$ 21,836	18,501	18%	1%	63,374	53,626	18%	1%
Corporate and other	952	858	11%	11%	2,499	2,337	7%	7%
	$ 22,788	19,359	18%	2%	65,873	55,963	18%	1%

The revenue growth experienced in the first six months of 2006 continued into the third quarter. Consolidated revenue in the quarter of $22.8 million improved by 18% over the same period last year while year-to-date revenue aggregating $65.9 million was also 18% higher than last year. The vast majority of growth continues to be driven by the revenue stream associated with the new business and licence acquisitions as well as the newly launched stations. Growth through incremental revenue is expected to continue into the fourth quarter.

As previously disclosed, revenue in Edmonton has been negatively impacted by new entrants in the market, two of which target youth-based formats. With the intent of reducing any long term impact these new entrants would have on results, the Company re-launched the CKRA-FM youth-based top 40 format to a country station in early 2006. Management is encouraged by the increased audience share the station has attracted during its first nine months and is confident this will translate into new and additional revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) over the longer term. Programming enhancements implemented at rock-formatted CIRK-FM should result in audience growth and a strengthening of its competitive position, translating into increased revenue. Management is seeing an increase in forward bookings for both CIRK and CKRA as compared to bookings so far in 2006.

Corporate and other revenue is 11% ahead of the same quarter last year and year-to-date is 7% better than 2005. Increased revenue in hotel operations is the principal reason for the increase.

Other income

Other income for the third quarter was negatively impacted as a result of a $1.6 million provision for decline in the value of short-term investments, consistent with general declines in the stock market. Year-to-date results are significantly higher than 2005 due to $7.2 million in net gains from the Company's short-term investments.

Operating expenses

Operating expenses of $19.0 million in the quarter are $2.8 million higher than the same period last year while the year-to-date amount of $56.3 million is $11.6 million more than last year. The integration of new business and licence acquisitions and new station launches continue to contribute to over one-half of the increases. As previously disclosed, the Company has spent more on marketing expenses in those locations where it faces increased competition. Management has reduced these costs in the quarter as compared to the first half of 2006. This trend of decreased spending is expected to continue into the fourth quarter as management maintains its focus on organic growth. In addition, the year-to-date operating expenses include a non-cash charge of $0.8 million due to the extension in May of certain options held by the President and Chief Executive Officer. Operating expenses have also increased due to the variable costs associated with higher revenue while other expense increases were in line with inflation.

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

(thousands of dollars except percentages)	Three months ended Sept. 30				Nine months ended Sept. 30			
			Growth				Growth	
	2006	2005	Total	Organic	2006	2005	Total	Organic
EBITDA(1)								
Broadcasting	$ 5,561	5,101	9%	(6%)	15,476	16,184	(4%)	(15%)
Corporate and other	(2,940)	(940)	-	-	2,010	(2,919)	-	-
	$ 2,621	4,161	(37%)	(54%)	17,486	13,265	32%	18%
% of Revenue								
Broadcasting	25%	28%	(3%)	(3%)	24%	30%	(6%)	(6%)
Total	12%	20%	(8%)	(11%)	24%	23%	1%	1%

Broadcasting EBITDA increased by $0.5 million, or 9%, over last year's third quarter, but is down $0.7 million year-to-date or 4%. The increase in the quarter is a result of revenue increases with a concerted effort by management to reduce operating expenses. Higher than average operating expenses year-to-date have contributed significantly to the decrease in broadcasting EBITDA for the nine months ended September 30, 2006.

Consolidated EBITDA in the third quarter is lower than last year due to the $1.6 million provision for decline in the value of short-term investments. Year-to-date EBITDA is higher than 2005 primarily because of short-term portfolio gains realized during the first six months of 2006.

Depreciation and amortization

Depreciation and amortization expense is on par with the third quarter last year, and $0.6 million higher year-to-date; a result of an increased depreciable asset base due to acquisitions and station launches.

Interest expense

Higher average debt levels resulting from the recent business and licence acquisitions and station launches, along with higher interest rates, have contributed to the increase in interest expense of $0.4 million in the quarter and $1.6 million year-to-date.

Accretion of other liabilities

Accretion of other liabilities of $0.2 million in the quarter and $0.7 million year-to-date arose from the discounting of certain long-term liabilities. There was no similar expense last year.

Income (loss) on equity accounted investment

The results from the equity accounted investment are minimal with a small profit this quarter.

Settlement

In the third quarter of 2005, the Company incurred a $3.5 million charge on a settlement with respect to an indemnity claim by Halterm Limited. More information is contained in Note 9 to the unaudited interim consolidated financial statements.

Income taxes

The effective income tax rate year-to-date was 21%. This rate is lower than the statutory rate of 37% because of two factors. The net capital gains from short-term investments are taxed at one-half the normal rate. In June 2006, the Company re-measured its future income tax assets and liabilities due to the enactment of lower general corporate tax rates in Canada which resulted in a future income tax recovery of $1.3 million. For the quarter, the effective income tax rate is higher than the statutory rate due to the lower tax recovery rate associated with the provision for decline in value of the short-term investments.

Non-controlling interest in subsidiaries' earnings

Non-controlling interest in subsidiaries' earnings in the quarter was higher than the same period last year due to better performance of the licences.

Net income	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2006	2005	2006	2005
Net income (loss)	$ 9	(1,245)	8,682	3,341

Net income this quarter was nominal due to the provision for the decline in value of the short-term investments. Year-to-date net income was $8.7 million, $5.3 million higher than last year as a result of the net investment gains realized throughout the first six months of the year.

Selected Quarterly Financial Information

The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. Because of this, revenue and net income are lower than the other quarters. Net income in the second quarter of 2006 was impacted by gains in the short-term portfolio while the third quarter of 2005 was negatively impacted by a $3.5 million non-recurring settlement.

(thousands of dollars except per share data)	2006			2005				2004
	3rd	2nd	1st	4th	3rd	2nd	1st	4th
Revenue	$ 22,788	24,522	18,563	24,600	19,359	20,915	15,689	19,069
Net income (loss)	9	7,506	1,167	2,691	(1,245)	3,090	1,496	3,432
Earnings per share								
- basic	0.00	0.67	0.10	0.24	(0.11)	0.27	0.13	0.29
- diluted	0.00	0.65	0.10	0.23	(0.11)	0.27	0.13	0.29

Liquidity and capital resources

Selected cash flow information

In the third quarter, cash from operations of $2.7 million combined with net bank borrowings of $1.3 million were used to pay dividends of $1.7 million and to purchase property and equipment of $1.8 million.

In the third quarter last year, net debt borrowings of $8.6 million, combined with the $5.5 million cash flow from operations were used to invest in business and licence acquisitions in the amount of $9.0 million, property and equipment for $3.0 million and to pay dividends of $1.8 million.

Year-to-date, the $10.7 million in cash flow from operations generated by higher operating income was used to purchase property and equipment of $3.7 million, to finance the $2.3 million Winnipeg, Manitoba acquisition, to pay $3.4 million of dividends and to repurchase $2.0 million of capital stock.

Last year's $7.2 million cash from operations, combined with the net debt borrowings of $32.2 million were used to invest $24.6 million in business and licence acquisitions, purchase $6.3 million of property and equipment, repurchase $4.9 million of capital stock and to pay $2.9 million of dividends.

In the third quarter the majority of capital expenditures related to station launches in Charlottetown, Prince Edward Island and Bonnyville, Alberta as well as upgrades to facilities in Edmonton, and other Alberta markets. Year-to-date expenditures included upgrades to facilities in Lloydminster, Red Deer and other Alberta properties. The Company's projected capital expenditures for 2006 totals $7.0 million and provides the necessary investment for the recently awarded FM licence in Calgary, Alberta.

The Company expects its level of cash flow for the remainder of 2006 to be sufficient to fund working capital, capital expenditures, contractual obligations and other cash requirements.

On August 10, 2006, the Board of Directors of the Company declared a dividend of $0.15 per share on each of its Class A Subordinate Voting (NCC.A) and Class B Common (NCC.B) shares. The dividend was paid on September 15, 2006 to shareholders of record at the close of business on August 31, 2006.

Capital structure and debt financing

The Company's syndicated credit facilities have not changed since the publication of the 2005 Annual Report. As at September 30, 2006 the Company had $2.8 million of current bank indebtedness outstanding and $53.3 million of long-term debt of which $6.6 million was current. The current portion of long-term debt includes an allocation of $6.6 million of the revolving facility; however, since this is a revolving term credit facility, there are no scheduled repayments. The working capital deficiency of $1.9 million is $3.6 million lower than the December 2005 $1.7 million positive working capital balance because of the above-described allocation of long-term debt.

On February 27, 2006, the Company entered into two interest rate swap agreements having notional amounts of $20.0 million and $5.0 million, expiring February 27, 2009 and February 27, 2011, respectively. A previously existing swap with a notional value of $5.0 million (2005 - $15.0 million) expired July 4, 2006. The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. 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 fair value of the interest rate swap agreements at quarter end is a net payable of $0.2 million (2005 of $0.1 million) and has not been recognized in the accounts as the interest rate swaps qualify for hedge accounting. An agreement having a notional amount of $10.0 million expired in July 2005.

Contractual obligations

There have been no substantial changes to the Company's contractual

obligations since the publication of the 2005 Annual Report, other than the Canadian Talent Development commitments related to the newly awarded licences.

Financial condition

Capital employed

Assets at quarter end totalled $212.9 million, down from $213.5 million at December 31, 2005 primarily due to the decrease in current assets. At quarter end the capital structure consisted of 42% equity ($89.2 million) and 58% debt ($123.7 million). Total bank debt is 63% of equity, compared to the year end ratio of 67%. The ratio of total bank debt to the trailing four quarters' EBITDA calculated in accordance with its credit facility is 3.9 to 1. The Company is in compliance with its covenants and expects to be in the future.

Share repurchases

The Company received approval under a Normal Course Issuer Bid to repurchase up to 498,000 Class A Subordinate Voting Shares (Class A shares) and 63,000 Class B Common Shares. This bid expires January 29, 2007. During the quarter, the Company repurchased 24,000 (2005 - nil) of its outstanding Class A shares for a total cost of $0.5 million (2005 - nil). Year-to-date, the Company has repurchased 119,000 (2005 - 348,000) of its outstanding Class A shares for a total cost of $2.0 million (2005 - $4.9 million). As a result of these share repurchases, capital stock was reduced by $0.5 million (2005 - $1.5 million) and retained earnings reduced by $1.5 million (2005 - $3.4 million).

Executive compensation

In the quarter the Company issued 15,000 (2005 - nil) Class A shares for $0.1 million (2005 - nil) pursuant to the executive stock option plan. This brings the total to 20,050 (2005 - 21,200) Class A shares with proceeds of $0.2 million (2005 - $0.2 million) for the first nine months of this year. For the nine months ended September 30, 2006, the Company granted 115,000 options (2005 - 100,000) at a weighted average exercise price of $16.53 (2005 - $13.80). The Company has 978,750 stock options outstanding for Class A shares at prices ranging from $7.30 to $16.53, of which 753,750 are vested. In addition to the above activities surrounding the Company's executive stock option plan, in May, the shareholders voted to extend certain options subject to expire held by the President and Chief Executive Officer resulting in a non-cash charge to income in the amount of $0.8 million. Total compensation expense related to stock options for the quarter was $0.1 million (2005 - $0.1 million) and year-to-date was $1.2 million (2005 - $0.3 million).

On January 26, 2006, the Company adopted a stock appreciation rights plan (SAR Plan) and granted 425,000 rights at a reference price of $16.53. These rights vest gradually, beginning in 2009. The expense for the third quarter and for the nine months ended September 30, 2006 is $0.1 million. On July 11, 2006, the Company entered into an agreement to hedge its obligations under the SAR 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. This swap qualifies for hedge accounting. Gains or losses realized on the quarterly settlement dates of the swap are recognized in income in the same period as the SAR Plan compensation expense, based on graded vesting. Because the swap qualifies for hedge accounting, the unrealized portion of gains and losses are not recorded; the fair value at September 30, 2006 was a net payable of $0.1 million. The recognized portion at September 30, 2006 was a net loss of $0.1 million.

Outstanding share data

As at November 9, 2006, there are 9,940,000 Class A Subordinate Voting Shares and 1,258,000 Class B Common Shares outstanding.

New accounting policies

The Company's accounting policies have remained unchanged since the 2005 Annual Report except for two new policies adopted in 2006 entitled "Stock appreciation rights" and "Derivative financial instruments". The new accounting policies adopted in 2006 are described in Note 1 to the unaudited interim consolidated financial statements and are as follows:

Stock appreciation rights

The SAR Plan, a form of stock-based compensation, was formalized in January 2006. The Company uses the fair value method to account for compensation costs associated with the SAR Plan, based on graded vesting. Compensation expense is measured at the amount by which the quoted market value of the Company's Class A shares on the Toronto Stock Exchange exceeds the reference price as specified under the SAR Plan. More detailed information is contained in Note 5 to the unaudited interim consolidated financial statements.

Derivative financial instruments - equity total return swap

An equity total return swap contract is used to manage exposures to fluctuations in the Company's stock-based compensation expense because the cost of the SAR Plan varies with changes in the market price of the underlying Class A shares. In order to qualify for hedge accounting, such a financial instrument must be identified as a hedge of the item to which it relates and there must be reasonable assurance that it 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 of the equity total return swap that qualifies for hedge accounting are recognized in income in the same period as the SAR Plan compensation expense. Unrealized gains and losses are not recorded. If at any time, the hedge is effective, but not perfectly effective, there is no requirement to recognize the ineffectiveness in net income since the instrument qualifies for hedge accounting. If the hedge is terminated or de-designated at any time, mark-to-market accounting applies until such time the hedge is re-designated. More information is contained in Note 6 to the unaudited interim consolidated financial statements.

In addition to the new accounting policies, the accounting policy regarding impairment assessment of broadcast licences and goodwill has been modified in its application. The annual date for impairment assessment was changed from December 31 to August 31. The change was made to reallocate certain year-end procedures to another period during the year. The Company has concluded that no provision for impairment was required as a result of the assessment performed as at August 31, 2006. For further details on this accounting policy, refer to the 2005 Annual Report.

Subsequent event

The Company holds 762,000 units in the Halterm Income Fund (the "Fund") with a cost base of $3.7 million. On November 6 2006, the Fund announced that it had entered into a sale and purchase agreement which, if all conditions of the agreement are met, will result in a cash distribution by the Fund to its unitholders of approximately $19.00 per unit. In early 2007, the Company expects proceeds of $14.5 million to be distributed with the recognition of an $8.8 million gain, net of tax ($0.78 per share). The Company has agreed to vote its units in favour of the special resolution respecting the sale and purchase agreement.

Critical accounting estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2005 Annual Report.

Risks and opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2005 Annual Report.

Outlook

The Company has taken steps in 2006 to build shareholder value in the medium and long term by making necessary strategic expenditures on acquisitions, new station start-ups and mature stations where it faces new competition. The Company has completed major reformatting and relaunches of stations in Winnipeg, Sudbury and Edmonton. Mitigating the effect of increased competition continues to be a corporate priority especially in Edmonton where four new FM stations have launched in the past 18 months. The Company has increased its audience research, marketing and promotional spending to achieve higher audience levels leading to increased revenues.

For the remainder of 2006, managing is focused on maximizing operating margins at mature stations while growing revenue on start-ups and new acquisitions. The Broadcasting EBITDA decline experienced in the first six months of the year has now been appreciably reversed in the third quarter and management expects continued improvement in the fourth quarter.

Management continues to seek out new radio broadcasting opportunities in strategic markets and evaluates all potential acquisitions and new licence opportunities on a defined investment criteria. The Company currently has eleven new licence applications at various stages with the CRTC.

Non-GAAP Measure

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

	Three months ended September		Nine months ended September	
(thousands of dollars)	2006	2005	2006	2005
Net income (loss)	$ 9	(1,245)	8,682	3,341
Non-controlling interest in subsidiaries' earnings	162	103	476	316
Provision for income taxes	520	438	2,490	2,893
Gain on disposal of long-term investment	-	-	(168)	-
Settlement	-	3,500	-	3,500
Loss (income) on equity accounted investment	(38)	20	(33)	64
Accretion of other liabilities	207	-	734	-
Interest expense	820	385	2,616	1,062
Depreciation and amortization expense	941	960	2,689	2,089
EBITDA	$ 2,621	4,161	17,486	13,265

This measure is not defined by generally accepted accounting principles and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises. The Company has

included this measure because the Company's key decision makers believe certain investors use it as a measure of the Company's financial performance and for valuation purposes. The Company also uses this measure internally to evaluate the performance of management.

Newfoundland Capital Corporation Limited
Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months and nine months ended September 30, 2006 and 2005

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 and nine months ended September 30, 2006 and 2005 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 9th day of November, 2006

Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	September 30 2006	December 31 2005
Assets		
Current assets		
Short-term investments	$ 9,135	11,570
Receivables	19,219	20,733
Note receivable	889	948
Prepaid expenses	1,839	1,656
Total current assets	31,082	34,907
Property and equipment	32,569	30,753
Other assets	11,400	12,668
Broadcast licences (note 2)	131,441	128,799
Goodwill (note 2)	4,337	3,610
Future income tax assets	2,037	2,770
	$212,866	213,507
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	$ 2,755	1,943
Accounts payable and accrued liabilities	15,945	22,134
Dividends payable	-	1,695
Income taxes payable	7,660	7,451
Current portion of long-term debt	6,648	23
Total current liabilities	33,008	33,246
Long-term debt	46,636	53,285
Other liabilities	18,637	18,759

Future income tax liabilities	14,049	14,143
Non-controlling interest in subsidiaries	11,323	11,149
Shareholders' equity	89,213	82,925
	$212,866	213,507

Commitments (note 10)
Subsequent event (note 12)
See accompanying notes to the consolidated financial statements

Consolidated Statements of Income
(unaudited)

(thousands of dollars except per share data)	Three months ended September 30 2006	2005	Nine months ended September 30 2006	2005
Revenue	$ 22,788	19,359	65,873	55,963
Other income (loss)	(1,190)	942	7,938	2,017
	21,598	20,301	73,811	57,980
Operating expenses	18,977	16,140	56,325	44,715
Depreciation	848	864	2,352	1,798
Amortization of deferred charges	93	96	337	291
Operating income	1,680	3,201	14,797	11,176
Interest	820	385	2,616	1,062
Accretion of other liabilities (note 2)	207	-	734	-
Loss (income) on equity accounted investment	(38)	20	(33)	64
Settlement (note 9)	-	3,500	-	3,500
Gain on disposal of long-term investment	-	-	(168)	-
	691	(704)	11,648	6,550
Provision for income taxes (note 7)	520	438	2,490	2,893
	171	(1,142)	9,158	3,657
Non-controlling interest in subsidiaries' earnings	162	103	476	316
Net income (loss)	$ 9	(1,245)	8,682	3,341
Earnings per share (note 8)				
- basic	$ 0.00	(0.11)	0.77	0.29
- diluted	0.00	(0.11)	0.75	0.28

See accompanying notes to the consolidated financial statements

Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of dollars)	Nine months ended September 30 2006	2005

Retained earnings, beginning of period	$ 38,441	40,446
Net income	8,682	3,341
Dividends declared	(1,678)	(1,710)
Repurchase of capital stock (note 3)	(1,525)	(3,404)
Retained earnings, end of period	43,920	38,673
Capital stock (note 3)	43,304	44,061
Contributed surplus	1,989	741
Total shareholders' equity	$ 89,213	83,475

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows
(unaudited)

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2006	2005	2006	2005
Operating Activities				
Net income (loss)	$ 9	(1,245)	8,682	3,341
Items not involving cash				
Depreciation and amortization	941	960	2,689	2,089
Future income taxes (recovery)	(31)	(761)	10	739
Gain on disposal of long-term investment	-	-	(168)	-
Executive stock based compensation plans	147	107	1,220	297
Accretion of other liabilities	207	-	734	-
Non-controlling interest in subsidiaries' earnings	162	103	476	316
Other	(101)	(66)	(257)	(148)
	1,334	(902)	13,386	6,634
Change in non-cash working capital relating to operating activities	1,329	6,410	(2,700)	563
	2,663	5,508	10,686	7,197
Financing Activities				
Change in bank indebtedness	321	73	812	224
Long-term debt borrowings	1,015	8,500	4,515	32,000
Long-term debt repayments	(6)	(10)	(4,539)	(22)
Issuance of capital stock (note 3)	120	-	163	180
Repurchase of capital stock (note 3)	(451)	-	(2,034)	(4,881)
Dividends paid	(1,678)	(1,710)	(3,373)	(2,883)
Canadian Talent Development commitment payments	(256)	(336)	(1,169)	(519)
Other	-	(37)	(302)	(346)
	(935)	6,480	(5,927)	23,753
Investing Activities				
Note receivable	-	-	1,000	1,000
Property and equipment				

additions	(1,774)	(2,950)	(3,663)	(6,301)
Business and licence acquisitions (note 2)	-	(9,024)	(2,296)	(24,644)
Deposit for business and licence acquisition	-	-	-	(200)
Proceeds from disposal of (investment in) Halterm Income Fund Trust Units	-	-	399	(268)
Deferred charges	(132)	(229)	(547)	(560)
Other	178	215	348	23
	(1,728)	(11,988)	(4,759)	(30,950)
Cash, beginning and end of period	$ -	-	-	-
Supplemental Cash Flow Information				
Interest paid	$ 570	508	2,315	1,234
Income taxes paid	550	404	1,524	1,235

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements - September 30, 2006 and 2005 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim consolidated financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2005 annual financial statements, except for the newly adopted policies described below. 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 2005 Annual Report.

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

The Company's accounting policies have remained unchanged since the 2005 Annual Report except for the new policies adopted in 2006 as described below. In addition to the new accounting policies, the accounting policy regarding impairment assessment of broadcast licences and goodwill has been modified in its application. The annual date for impairment assessment was changed from December 31 to August 31. The change was made to reallocate certain year-end procedures to another period during the year. The Company has concluded that no provision for impairment was required as a result of the assessment performed as at August 31, 2006. For further details on this accounting policy, refer to the 2005 Annual Report.

Stock appreciation rights

A stock appreciation rights plan (SAR Plan), a form of stock-based compensation, was formalized in January 2006. The Company uses the fair value method to account for compensation costs associated with the SAR Plan, based on graded vesting. Compensation expense is measured at the amount by which the quoted market value of the Company's Class A Subordinate Voting Shares (Class A shares) on the Toronto Stock Exchange exceeds the reference price as specified under the SAR Plan. More information is contained in Note 5.

Derivative financial instruments - equity total return swap

An equity total return swap contract is used to manage exposures to fluctuations in the Company's stock-based compensation expense because the cost of the SAR Plan varies with changes in the market price of the underlying Class A shares. In order to qualify for hedge accounting, such a financial instrument must be identified as a hedge of the item to which it relates and there must be reasonable assurance that it 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 of the equity total return swap that qualifies for hedge accounting are recognized in income in the same period as the SAR Plan compensation expense. Unrealized gains and losses are not recorded. If at any time, the hedge is effective, but not perfectly effective, there is no requirement to recognize the ineffectiveness in net income since the instrument qualifies for hedge accounting. If the hedge is terminated or de-designated at any time, mark-to-market accounting applies until such time the hedge is re-designated. More information is contained in Note 6 to the unaudited interim consolidated financial statements.

2. BUSINESS AND LICENCE ACQUISITIONS

On April 30, 2006, the Company acquired 100% of the common shares of CKJS Limited (CKJS) entitling it to the property, assets, broadcast licence and rights of CKJS used in connection with the operation of an AM radio station in Winnipeg, Manitoba.

During 2006, the Company launched two stations in Charlottetown, Prince Edward Island and one in Bonnyville, Alberta. Upon the launch of these stations, the Company became obligated to fund Canadian Talent Development commitments of $899,000 over a period of seven years. These costs have been capitalized as broadcast licences.

The Company acquired the assets of Shortell's Limited, and its related companies, in Lloydminster, Alberta on January 31, 2005. The assets included three radio and two television broadcasting licences and an outdoor advertising business.

On May 30, 2005, the Company acquired the broadcasting assets of Big Pond Communications (2000) Inc. in Thunder Bay, Ontario, the primary asset being an FM radio licence.

On September 26, 2005, the Company acquired 100% of the common shares of 4323041 Canada Inc. (4323041) entitling it to the property, assets, licences and rights of 4323041 used in connection with the operation of two FM radio licences in Red Deer, Alberta.

The transactions were financed by the Company's credit facility and were accounted for using the purchase method. The results of operations have been included in the consolidated financial statements since the respective acquisition dates.

The following table summarizes the estimated fair value of all the assets acquired and liabilities assumed at the dates of acquisition as well as the accounting for the new licences. The allocation of the purchase price is subject to change as a result of certain post-closing matters.

(thousands of dollars)	CKJS	New Licences	Nine months ended Sept. 30, 2006	Nine months ended Sept. 30, 2005
Working capital	$ (226)	(155)	(381)	671
Property and equipment	550	-	550	3,817
Other assets	310	-	310	205
Broadcast licences	1,630	899	2,529	20,183
Goodwill	727	-	727	1,276
Total assets acquired	2,991	744	3,735	26,152
Future income tax				

liabilities	(629)	-	(629)	(96)
Other liabilities	(66)	(744)	(810)	(712)
Net assets acquired	2,296	-	2,296	25,344
Deposit for business and licence acquisitions	-	-	-	(700)
Cash consideration	$ 2,296	-	2,296	24,644

Customer-related intangible assets of $310,000 have been included in other assets during the nine months ended September 30, 2006. They are being amortized on a straight-line basis over twenty years. An intangible long-term agreement, expiring in August 2011, valued at $205,000 was included in other assets in 2005 and it is being amortized on a straight-line basis over the term of the agreement. Goodwill of $545,000 is expected to be deductible for tax purposes in 2006 (2005 - $957,000).

When broadcast licences are purchased or awarded, the acquirer becomes obligated to fund Canadian Talent Development. These obligations are included in other liabilities and are discounted resulting in accretion expense of $207,000 in the quarter (2005 - Nil) and $734,000 year-to-date (2005 - Nil). A $200,000 provision for professional fees and restructuring costs (employee relocation and involuntary termination costs) related to the CKJS acquisition is included in working capital of which $170,000 remains payable as at September 30, 2006.

3. CAPITAL STOCK

The Company has approval under a Normal Course Issuer Bid to repurchase up to 498,235 Class A shares and 62,913 Class B Common Shares. This bid expires January 29, 2007. During the quarter, the Company repurchased 24,300 (2005 - nil) of its outstanding Class A shares for a total cost of $451,000 (2005 - nil). Year-to-date, the Company repurchased 119,400 (2005 - 348,400) of its outstanding Class A shares for a total cost of $2,034,000 (2005 - $4,881,000). As a result of these share repurchases, capital stock was reduced by $509,000 (2005 - $1,477,000) and retained earnings reduced by $1,525,000 (2005 - $3,404,000).

In the quarter the Company issued 15,000 (2005 - nil) Class A shares for $120,000 (2005 - nil) pursuant to the executive stock option plan. This brings the total to 20,050 (2005 - 21,200) Class A shares with proceeds of $163,000 (2005 - $180,000) for the first nine months of this year. For the nine months ended September 30, 2006, the Company granted 115,000 options (2005 - 100,000) at a weighted average exercise price of $16.53 (2005 - $13.80). The Company has 978,750 stock options outstanding for Class A shares at prices ranging from $7.30 to $16.53, of which 753,750 are vested. In addition to the above activities surrounding the Company's executive stock option plan, in May, the shareholders voted to extend certain options subject to expire held by the President and Chief Executive Officer resulting in a non-cash charge to income in the amount of $791,000. Total compensation expense related to stock options for the quarter was $104,000 (2005 - $107,000) and year-to-date was $1,154,000 (2005 - $297,000).

4. EMPLOYEE BENEFIT PLANS

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	2006	2005	2006	2005
Defined contribution plan expense	$ 299	259	996	763
Defined benefit plan expense	132	114	396	342

5. STOCK APPRECIATION RIGHTS

On January 26, 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 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 rights granted under this plan expire on the 60th day following the 5th anniversary of the grant date. For the three months ended September 30, 2006, the compensation expense related to the rights was $43,000 and year-to-date the total was $66,000.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Interest rate risk management

On February 27, 2006, the Company entered into two interest rate swap agreements having notional amounts of $20,000,000 and $5,000,000, expiring February 27, 2009 and February 27, 2011, respectively. A previously existing swap with a notional value of $5,000,000 (2005 - $15,000,000) expired July 4, 2006; the accounting impact of the expiry was not significant. The Company enters into interest rate swap agreements to hedge interest rate risk on a portion of its long-term debt whereby the Company will exchange the three-month bankers' acceptance floating interest rate for a fixed interest rate during the term of the agreements. 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 fair value of the interest rate swap agreements at quarter end is a net payable of $204,000 (2005 - $31,000) and has not been recognized in the accounts as the interest rate swaps qualify for hedge accounting. An agreement having a notional amount of $10,000,000 expired in July 2005.

(b) Share price volatility risk management

On July 11, 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 during any 24 hour trading period, the share price drops by 10% or more. 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. This swap qualifies for hedge accounting. Gains or losses realized on the quarterly settlement dates of the swap are recognized in income in the same period as the SAR Plan compensation expense, based on graded vesting. Because the swap qualifies for hedge accounting, the unrealized portion of gains and losses are not recorded; the fair value at September 30, 2006 was a net payable of $31,000. The recognized portion at September 30, 2006 was a net loss of $12,000.

(c) Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment of an unrealized gain fails to perform. Credit exposure is managed through credit approval and monitoring procedures. The Company does not anticipate any counterparties that it currently transacts with will fail to meet their obligations as the counterparties are Canadian Chartered Banks. At September 30, 2006 and 2005, there was no credit exposure to the Company related to its financial instruments.

7. INCOME TAXES

In June, the Federal government enacted a decline in the general corporate income tax rate from 22% to 19% which will be phased in over a period between January 1, 2008 and January 1, 2010. Certain Provincial governments have also reduced general corporate income tax rates. As a result, in June future income tax assets and liabilities were re-measured using the newly enacted tax rates that are expected to be in effect when the related futures tax assets and liabilities are settled. This has resulted in a non-cash future income tax recovery of $1,300,000 netted against the provision for income taxes.

8. EARNINGS PER SHARE

	Three months ended September 30		Nine months ended September 30	
(thousands)	2006	2005	2006	2005
Weighted average common shares used in calculation of basic earnings per share	11,197	11,398	11,213	11,459
Incremental common shares calculated in accordance with the treasury stock method	368	327	341	270
Weighted average common shares used in calculation of diluted earnings per share	11,565	11,725	11,554	11,729

9. SETTLEMENT

In connection with the disposition of the Company's interest in a container terminal ("Halterm") to the Halterm Income Fund (the "Fund") in May 1997, and, in particular, in respect of a long-term management services agreement under which the Company rendered management services to Halterm, the Company agreed in 1997 to indemnify Halterm for any material increases in the base rental fee payable by Halterm to the Halifax Port Corporation (now the Halifax Port Authority) for the first ten years of the first lease renewal term which commenced January 1, 2001. The indemnity was only applicable to the extent, if any, that such increases in the base rental fee result in a reduction in distributions to Fund unitholders to a level below that anticipated in the forecast included in the prospectus for the initial public offering of trust units of the Fund. On February 25, 2005 the Fund filed an Originating Notice and Statement of Claim pursuing a claim of $1,800,000 with respect to this indemnity for 2003 and a claim of $2,300,000 for 2004. Thereafter, the Company filed its Statement of Defence. On October 17, 2005, the Company reached a settlement with Halterm for $3,500,000 for all past, present and future claims and this was recorded in the third quarter of 2005.

10. COMMITMENTS

During the first quarter, the Canadian Radio-television and Telecommunications Commission (CRTC) awarded the Company new FM radio broadcast licences in Charlottetown, Prince Edward Island and Lac La Biche, Alberta. The CRTC awarded the Company a conversion of a repeater station to full-station status in Bonnyville, Alberta and a conversion from an AM signal to FM in Charlottetown, Prince Edward Island. In August, the Company was awarded a second FM licence in Calgary, Alberta. As a result of these licence approvals, the Company is committed to fund Canadian Talent Development totalling $8,200,000 over a seven year period once the new stations are launched.

11. SEGMENTED INFORMATION

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

(thousands of dollars)	Broad-casting	Corpo-rate & other	Total	Broad-casting	Corpo-rate & other	Total
	Three months ended September 30			Nine months ended September 30		
2006						
Revenue	$ 21,836	952	22,788	63,374	2,499	65,873
Other income	-	(1,190)	(1,190)	-	7,938	7,938
	21,836	(238)	21,598	63,374	10,437	73,811
Operating expenses	16,275	2,702	18,977	47,898	8,427	56,325
Depreciation and amortization	879	62	941	2,517	172	2,689
Operating income (loss)	$ 4,682	(3,002)	1,680	12,959	1,838	14,797
Assets employed				$175,135	37,731	212,866
Goodwill	$ -	-	-	4,337	-	4,337
Capital expenditures	1,699	75	1,774	3,423	240	3,663
2005						
Revenue	$ 18,501	858	19,359	53,626	2,337	55,963
Other income	-	942	942	-	2,017	2,017
	18,501	1,800	20,301	53,626	4,354	57,980
Operating expenses	13,400	2,740	16,140	37,442	7,273	44,715
Depreciation and						

amortization	903	57	960	1,903	186	2,089
Operating income (loss)	$ 4,198	(997)	3,201	14,281	(3,105)	11,176
Assets employed				$169,333	28,481	197,814
Goodwill	$ 159	-	159	1,276	-	1,276
Capital expenditures	2,935	15	2,950	6,132	169	6,301

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12. SUBSEQUENT EVENT

The Company holds 762,000 units in the Halterm Income Fund (the "Fund") with a cost base of $3,700,000. On November 6 2006, the Fund announced that it had entered into a sale and purchase agreement which, if all conditions of the agreement are met, will result in a cash distribution by the Fund to its unitholders of approximately $19.00 per unit. In early 2007, the Company expects proceeds of $14,500,000 to be distributed with the recognition of an $8,800,000 gain, net of tax ($0.78 per share). The Company has agreed to vote its units in favour of the special resolution respecting the sale and purchase agreement.

About Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited (TSX: NCC.A, NCC.B) is one of Canada's leading small and medium market radio broadcasters with 74 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.

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CO: Newfoundland Capital Corporation Limited

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