Newfoundland Capital Corporation Limited
First Quarter 2016
Period Ended March 31 ***(unaudited)***

Dartmouth, N.S. – May 3, 2016, Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the first quarter ending March 31, 2016.

Highlights

- **Revenue** of $36.9 million was $1.4 million or 4% higher than last year. The increase was primarily due to growth in Toronto and Ottawa as a result of strong listener ratings in those markets.
- **Earnings before interest, taxes, depreciation and amortization ("EBITDA"[1])** of $8.2 million in the quarter was $1.1 million or 15% higher than last year as a result of higher revenue and a continued focus on controlling expenses.
- **Profit** for the period was $4.6 million, an increase of $2.1 million or 83% compared to last year, as a result of higher EBITDA and lower interest expense.

Significant events

- During the quarter, the Company invested in strategic rebranding initiatives in Toronto and Halifax in an effort to improve market share and financial results of those operations.

"We are pleased with the growth in revenue and EBITDA this quarter, despite the challenging economic environment" commented Rob Steele, President and Chief Executive Officer. "The Company's success is attributable to strong listener ratings and a continued focus on operating efficiently."

Financial Highlights - First Quarter

		Three months ended March 31	
(thousands of Canadian dollars, except share information)		**2016**	2015
Revenue	$	**36,879**	35,505
EBITDA [1]		**8,162**	7,087
Profit		**4,571**	2,502
Earnings per share - basic		**0.17**	0.09
Earnings per share - diluted		**0.16**	0.09
Weighted average number of shares outstanding *(in thousands)*		**26,630**	28,184
		March 31	December 31
		2016	2015
Share price, NCC.A (closing)	$	**9.50**	11.00
Total assets		**358,543**	364,246
Long-term debt, including current portion		**140,170**	145,908
Shareholders' equity		**150,557**	145,991

[1] *Refer to page 11 "Non-IFRS Accounting Measure*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the financial condition and results of operations for Newfoundland Capital Corporation Limited (the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("interim financial statements") and related notes for the periods ended March 31, 2016 and 2015, as well as the annual audited consolidated financial statements and related notes prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A contained in the Company's 2015 Annual Report. The Company's first quarter 2016 interim financial statements and the accompanying notes have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. These interim financial statements include the accounts of the Company and other entities in which the Company controls in accordance with IFRS 10, "Consolidated Financial Statements" and are reported in Canadian dollars. These documents along with the Company's Annual Information Form, its Management Proxy Circular dated March 3, 2016 and other public information are filed electronically with various securities commissions in Canada through the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed at www.sedar.com. This information is also available on the Company's website at www.ncc.ca.

The Board of Directors, upon recommendation of the Audit and Governance Committee, approved the content of this MD&A on May 3, 2016. Disclosure contained in this document is current to this date, unless otherwise stated.

Management's Discussion and Analysis of financial condition and results of operations contains forward-looking statements and forward-looking information within the meaning of Canadian provincial securities laws. These forward-looking statements are based on current expectations. The use of terminology such as "expect", "intend", "anticipate", "believe", "may", "will", "should", "would", "plan" and other similar terminology relate to, but are not limited to, objectives, goals, plans, strategies, intentions, outlook and estimates. By their very nature, these statements involve inherent risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from those expressed in such forward-looking statements. As a result, there is no guarantee that any forward-looking statements will materialize and readers are cautioned not to place undue reliance on these statements. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed in detail in the Risks, Uncertainties and Opportunities section of this MD&A. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE PROFILE

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

STRATEGY AND OBJECTIVES

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

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

CORPORATE DEVELOPMENTS

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Performance Review" section. The results of the launched station have been included in the interim financial statements since its launch date.

Recent Developments:

- March 2016 – rebranded CKDQ in Drumheller to 910 CFCW, an extension of the Company's legendary CFCW brand, the voice of rural Alberta which is now available in nearly all of Alberta.
- February 2016 – rebranded CFXJ-FM in Toronto to 93.5 The Move, a rhythmic hot adult contemporary station targeting adults 25 to 44.
- February 2016 – rebranded CKUL-FM in Halifax to Mix 96.5, a hot adult contemporary station playing a variety of pop/rock hits from the 90s to now.
- December 2015 – launched a new FM licence in Fox Creek, Alberta (a repeater of CFXW-FM Whitecourt, Alberta).
- August and December 2015 – the Company's Board of Directors approved dividends totalling $0.15 on each of its Class A Subordinate Voting and Class B Common shares.
- May and July 2015 – The Company repurchased a total of 1,569,800 Class A Subordinate Voting shares for cash consideration of $13.9 million.
- May 2015 – The Company amended its credit facilities to reduce interest rates by approximately 0.5% and to extend the maturity date to May 31, 2018.

CONSOLIDATED FINANCIAL PERFORMANCE REVIEW

Consolidated Financial Results of Operations

(thousands of Canadian dollars, except percentages and per share data)		Three months ended March 31		
		2016	2015	**% Change**
Revenue	$	36,879	35,505	4%
Operating expenses		(28,717)	(28,418)	1%
EBITDA [1]		8,162	7,087	15%
Depreciation and amortization		(1,182)	(1,194)	(1%)
Accretion of other liabilities		(86)	(116)	(26%)
Interest expense		(1,216)	(2,148)	(43%)
Other income (expense)		234	(181)	-
Profit before provision for income taxes		5,912	3,448	71%
Provision for income taxes		(1,341)	(946)	42%
Profit	$	4,571	2,502	83%
Earnings per share				
- Basic	$	0.17	0.09	
- Diluted		0.16	0.09	

[1] *EBITDA - Earnings before interest, taxes, depreciation and amortization - refer to page 11 "Non-IFRS Accounting Measure"*

ANALYSIS OF CONSOLIDATED FINANCIAL RESULTS

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

Revenue
In the quarter, consolidated revenue of $36.9 million was $1.4 million or 4% higher than last year due to higher revenue in the Broadcasting segment, particularly the Toronto and Ottawa operations.

Operating expenses
Consolidated operating expenses of $28.7 million were $0.3 million or 1% higher than the first quarter last year primarily due to higher variable costs as a result of higher revenue.

EBITDA
Consolidated EBITDA in the quarter of $8.2 million was $1.1 million or 15% higher than last year. The increase was primarily due to the higher revenue and the Company's continued focus on operating efficiently.

Accretion of other liabilities
Accretion of other liabilities arises from discounting Canadian Content Development ("CCD") commitments to reflect the fair value of the obligations. Accretion expense was lower than last year because of the payments of CCD commitments during 2015 which reduced the balance on which accretion was recorded.

Interest expense
Interest expense in the first quarter was $1.2 million, $0.9 million or 43% lower than the prior year. Of this variance, $0.7 million was due to the fluctuations of the valuation of the Company's interest rate swap payable. Also contributing to the decrease in interest expense was the renegotiation of the Company's credit facilities in May 2015 which reduced interest rates.

Other income (expense)
Other income (expense) consists of gains and losses, realized and unrealized, on the Company's marketable securities as well as items that are not indicative of the Company's core operating results, and should therefore not be used in the evaluation of the consolidated Company's performance. These include items such as acquisition-related costs and impairment charges. Other income was $0.2 million in the quarter compared to an expense of $0.2 million in the same quarter last year. The Company recognized mark-to-market unrealized gains of $0.2 million in 2016 compared to unrealized losses of $0.2 million in 2015. Refer to note 8(a) of the Company's interim financial statements for additional details on mark-to-market gains and losses.

Provision for income taxes
The effective income tax rate was 23% in the quarter, lower than the statutory income tax rate of 31% mainly because of the subsidiary rate differential that arises from consolidated entities that are taxed in different jurisdictions with lower tax rates. In addition, certain tax estimates were updated during the quarter, resulting in a decrease in tax expense.

Profit
First quarter profit of $4.6 million was higher than last year's $2.5 million primarily as a result of higher revenue from the Broadcasting segment and a decrease in interest expense.

FINANCIAL REVIEW BY SEGMENT

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

Broadcasting Segment

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

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

Broadcasting Financial Results of Operations

		Three months ended March 31		
(thousands of Canadian dollars, except percentages)		**2016**	2015	**% Changes**
Revenue	$	**35,910**	34,646	**4%**
Operating expenses		**(25,787)**	(25,627)	**1%**
EBITDA	$	**10,123**	9,019	**12%**
EBITDA margin		**28%**	26%	**2%**

Revenue
Broadcasting revenue in the quarter of $35.9 million was $1.3 million or 4% higher than last year. The Company outperformed the radio industry, which declined 4% for the three months ended March 31, 2016. The Company's growth was primarily as a result of strong performance in Toronto and Ottawa, which outpaced declines experienced in Alberta stations that are in a challenging economic environment.

Operating expenses
For the quarter, broadcasting operating expenses were $25.8 million, up $0.2 million or 1% over last year. The increase in operating expenses was because of higher variable costs as a result of the increase in revenue during the quarter. In addition, the Company incurred $0.4 million in higher advertising costs due to marketing campaigns initiated, including rebranding campaigns in Toronto and Halifax and a significant advertising campaign in Vancouver. Offsetting these increases were lower expenditures as a result of the Company's continued efforts to operate efficiently.

EBITDA
First quarter broadcasting EBITDA of $10.1 million was $1.1 million or 12% better than 2015 as a result of the higher revenue and continued focus on operating efficiently.

Corporate and Other Segment

The Corporate and Other segment derives its revenue from hotel operations as well as office space rental and related services revenue. Corporate and Other expenses are related to head office functions and hotel operations.

Corporate and Other Financial Results of Operations

		Three months ended March 31		
(thousands of Canadian dollars, except percentages)		**2016**	2015	**% Change**
Revenue	$	**969**	859	13%
Operating expenses		**(2,930)**	(2,791)	5%
EBITDA	$	**(1,961)**	(1,932)	(2%)

Revenue
Revenue in the first quarter of $1.0 million was $0.1 million or 13% higher than last year due to the fact the Company has begun to rent out office space in its head office building effective January 1, 2016 and earned related services revenue during the period.

Operating expenses
Operating expenses of $2.9 million were $0.1 million or 5% higher than the first quarter last year primarily attributable to higher corporate expenses.

EBITDA
EBITDA was less than $0.1 million or 2% lower than the same period last year mainly because of higher operating expenses.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary, depending on the quarter. The first quarter is a period of lower retail spending and as a result, advertising revenue is lower. The fourth quarter tends to be a period of higher retail spending. During the first quarter of 2016 and throughout 2015, the Company's quarterly results were consistent with the expected seasonality. Profit in the fourth quarter of 2014 was negatively impacted by a $5.7 million impairment charge and mark-to-market losses of $0.8 million.

(thousands of Canadian	**2016**	2015				2014		
dollars, except per share data)	**1st**	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	**$ 36,879**	45,493	41,006	42,598	35,505	44,438	39,301	42,298
Profit	**4,571**	8,016	6,683	6,034	2,502	2,593	4,265	7,541
Earnings per share								
- Basic	**0.17**	0.30	0.25	0.22	0.09	0.09	0.15	0.27
- Diluted	**0.16**	0.28	0.24	0.21	0.09	0.08	0.15	0.26

Selected cash flow information – three months ended March 31, 2016
In the quarter, cash flows from operating activities of $7.3 million were used to repay debt of $6.1 million, purchase property and equipment totaling $0.8 million and pay down CCD commitments of $0.4 million.

Selected cash flow information – three months ended March 31, 2015
In the quarter, cash flows from operating activities of $1.7 million combined with net debt borrowings of $3.1 million were used to pay dividends of $2.5 million, purchase property and equipment totaling $1.9 million, and pay down CCD commitments of $0.3 million.

Capital expenditures and capital budget
The Company's expected capital expenditures for 2016 have increased to approximately $7.0 million. The major planned expenditures include the launch of two FM stations, the acquisition of real property, the continuation of investment in new broadcasting digital and automation equipment and capital costs associated with improving signals. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

FINANCIAL CONDITION

Total assets
Assets of $358.5 million as at March 31, 2016 were $5.7 million lower than December 31, 2015 due to the collection of trade receivables during the first quarter of 2016, which was used to reduce debt levels.

Liabilities, shareholders' equity and capital structure
As at March 31, 2016, the Company had $1.4 million of current bank indebtedness (December 31, 2015 - $1.7 million) and $140.2 million of long-term debt, of which $11.3 million was current (December 31, 2015 - $145.9 million of which $11.3 million was current). The capital structure consisted of 42% equity ($150.6 million) and 58% liabilities ($208.0 million) at quarter end (December 31, 2015 - 40% equity or $146.0 million and 60% liabilities or $218.3 million).

LIQUIDITY

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management deems its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit facilities and covenants

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

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

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

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

Positive cash balances

The Company does not maintain any significant positive cash balances; instead it uses its cash balances to reduce debt and minimize interest expense. The fact that the Company does not have positive cash positions on its balance sheet does not pose an increase to its liquidity risk because the Company generates cash from operations and included in the $90 million revolving credit facility is $5.0 million available to fund any current obligations, $2.9 million of which the Company had drawn at March 31, 2016. The Company can access this remaining available amount of $2.1 million as well as the additional $14.5 million undrawn amount on its revolving credit facility to fund obligations.

Working capital requirements

As at March 31, 2016, the Company had a working capital surplus of $4.8 million. The cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from the undrawn portion of its credit facility, the Company will be able to meet all other current cash requirements as they arise. If cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to the undrawn amount of its credit facilities.

Future cash requirements

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

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Since the publication of the 2015 Annual MD&A (dated March 3, 2016), there has been no substantive change in the Company's commitments and contractual obligations.

Share Capital

Outstanding share data

The weighted average number of shares outstanding for the three months ended March 31, 2016 was 26,630,000 (three months ended March 31, 2015 - 28,184,000). As of this date, there are 22,865,402 Class A Subordinate Voting Shares ("Class A Shares") and 3,769,322 Class B Common Shares ("Class B Shares") outstanding.

Dividends

Dividends of $0.09 per share ($2.4 million in total) declared in the fourth quarter of 2015 were paid in December 2015. Dividends of $0.09 per share ($2.5 million in total) declared in the fourth quarter of 2014 were paid January 2015.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,200,495 Class A Subordinate Voting Shares ("Class A shares") and 75,386 Class B Common Shares ("Class B shares") during the period of May 25, 2015 to May 24, 2016. During the first quarter of 2016, no shares were repurchased (2015 - nil). As at March 31, 2016, the Company has 35,695 Class A shares and 75,386 Class B shares remaining to be repurchased in accordance with this bid.

Share-Based Compensation Plans

Executive stock option plan

A total of 2,252,500 stock options are outstanding pursuant to the Company's executive stock option plan. During the quarter, no options were granted by the Company (2015 - nil). During the first quarter of 2016, 20,000 options were exercised using the cashless exercise option, resulting in 5,066 shares issued from treasury (2015 - 125,000 options exercised with 29,156 shares issued from treasury). Compensation expense related to the stock option plan in the quarter was less than $0.1 million (2015 - $nil).

Stock appreciation rights plan

There are no stock appreciation rights outstanding as at March 31, 2016. During the first quarter of 2015, the remaining 25,000 rights were exercised for cash consideration of $0.1 million. Compensation expense in the first quarter was $nil (2015 - $nil).

Financial Instruments and Financial Risk Management

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 8 of the Company's interim financial statements.

Interest rate risk management

The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. The Company has in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45.0 million and expires in May 2017.

The swap agreement involves the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and is recorded as an increase or decrease to interest expense. A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap by approximately $0.2 million which would have flowed through profit.

As at March 31, 2016, the aggregate fair value payable of the swap agreement was $0.7 million (December 31, 2015 - $0.9 million).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various industries and only invests a certain amount of funds in marketable securities. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels.

Credit risk management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform.

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. Credit exposure is managed through credit approval and monitoring procedures. The Company does not require collateral or other security from clients for trade receivables; however the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. Counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

Capital management

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

NEW AND FUTURE ACCOUNTING STANDARDS

Adoption of new accounting standards

IFRS 7, Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

On January 1, 2016, the Company adopted the amendments to IFRS 7, which include guidance on offsetting financial assets and financial liabilities. This amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

IAS 19, Employee Benefits – Discount rate: regional market issue

On January 1, 2016, the Company adopted the amendment to IAS 19 which clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

IAS 34, Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report'
On January 1, 2016, the Company adopted the amendment to IAS 34 which clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

The adoption of these updated accounting standards did not result in a material impact to the Company's interim financial statements.

Future accounting standards

Standards issued but not yet effective until after December 31, 2016, are consistent with those disclosed in the Company's 2015 Annual MD&A dated March 3, 2016.

CRITICAL ACCOUNTING ESTIMATES

There has been no substantive change in the Company's critical accounting estimates since the publication of the 2015 Annual MD&A dated March 3, 2016.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

These interim financial statements include the financial statements of the following wholly-owned subsidiaries: Newcap Inc., the Glynmill Inn Incorporated, 8504580 Canada Inc., 8384827 Canada Inc., 8384860 Canada Inc., 8384886 Canada Inc. and 8384878 Canada Inc. All intra-group balances and transactions have been eliminated in full.

In addition to transactions between the parent and subsidiaries, the Company has entered into transactions and agreements with certain other related parties. Transactions with these parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, having normal trade terms. Related party transactions are reviewed by the Company's Audit and Governance Committee which is comprised entirely of independent directors.

During the quarter, the Company entered into a ten year lease agreement, having normal trade terms, to provide office space to a company controlled by the President and Chief Executive Officer. All other related party transactions during the quarter were consistent in nature to those described in the 2015 Annual MD&A dated March 3, 2016.

RISKS, UNCERTAINTIES AND OPPORTUNITIES

On April 21, 2016, the Copyright Board of Canada released its Commercial Radio Tariff Decision. The impact of the decision is expected to be positive for the Company as a result of reductions to rates related to Composers and Publishers in Canada ("CSI") and the Audio-Video Licensing Agency ("AVLA"); however, the Company is still analyzing the decision.

There has been no other substantial change in the Company's risks, uncertainties and opportunities since the publication of the 2015 Annual MD&A dated March 3, 2016.

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, 2016 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

OUTLOOK

The Company achieved strong results in the first quarter of 2016, despite a challenging economic environment throughout much of Canada. The Company's success was primarily a result of revenue growth in Toronto and Ottawa, which outpaced declines experienced by the Company's stations in Alberta as a result of the economic factors impacting that province. Strong listener ratings have positioned the Company well to continue to achieve growth in certain markets, helping to offset declines in other markets.

Throughout 2016, the Company will continue to invest in research and marketing campaigns to improve ratings and financial results of its stations, including the continuation of marketing campaigns initiated in Toronto, Vancouver and Halifax during the first quarter. The Company will also continue to focus on identifying efficiencies to maintain consistent EBITDA margins.

The Company has CRTC approval for a new FM licence to serve Clarenville, Newfoundland and Labrador which is expected to launch in 2016. The Company also expects to launch a new FM licence in Hinton, Alberta, by February 2017. The Company continues to seek out acquisitions which will provide a healthy return on investment for its shareholders.

Non-IFRS Accounting Measure

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

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

		Three months ended March 31	
(thousands of Canadian dollars)		***2016***	*2015*
Profit	***$***	***4,571***	*2,502*
Provision for income taxes		***1,341***	*946*
Other (income) expense		***(234)***	*181*
Interest expense		***1,216***	*2,148*
Depreciation and amortization		***1,182***	*1,194*
Accretion of other liabilities		***86***	*116*
EBITDA	***$***	***8,162***	*7,087*

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

Newfoundland Capital Corporation Limited
Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months ended March 31, 2016 and 2015

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

The accompanying unaudited condensed interim consolidated financial statements ("interim financial statements") of the Company for the three months ended March 31, 2016 and 2015 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and are the responsibility of the Company's management.

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

Dated this 3rd day of May, 2016

Interim Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	*Notes*		**March 31 2016**	December 31 2015
Assets				
Current assets				
Marketable securities	*8(a)*	$	**1,067**	829
Receivables	*8*		**33,370**	38,960
Prepaid expenses			**1,389**	1,494
Income taxes recoverable			**280**	-
Total current assets			**36,106**	41,283
Non-current assets				
Property and equipment			**42,452**	43,098
Other assets			**1,588**	1,580
Broadcast licences			**262,029**	262,029
Goodwill			**12,014**	12,014
Deferred income tax assets			**4,354**	4,242
Total non-current assets			**322,437**	322,963
Total assets	*4*	$	**358,543**	364,246
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$	**1,428**	1,748
Accounts payable and accrued liabilities			**18,583**	20,747
Income taxes payable			**-**	1,840
Current portion of long-term debt	*4*		**11,250**	11,250
Total current liabilities			**31,261**	35,585
Non-current liabilities				
Long-term debt	*4*		**128,920**	134,658
Other liabilities	*8(b)*		**14,472**	14,833
Deferred income tax liabilities			**33,333**	33,179
Total non-current liabilities			**176,725**	182,670
Total liabilities			**207,986**	218,255
Shareholders' equity			**150,557**	145,991
Total liabilities and shareholders' equity		$	**358,543**	364,246

See accompanying notes to the interim financial statements

Interim Consolidated Income Statements

(unaudited)

(thousands of Canadian dollars, except per share data)	*Notes*		Three months ended March 31 **2016**	2015
Revenue		$	**36,879**	35,505
Operating expenses			**(28,717)**	(28,418)
Depreciation and amortization			**(1,182)**	(1,194)
Accretion of other liabilities			**(86)**	(116)
Interest expense			**(1,216)**	(2,148)
Other income (expense)	*8(a)*		**234**	(181)
Profit before provision for income taxes			**5,912**	3,448
Provision for income taxes				
Current			**(1,286)**	(1,026)
Deferred			**(55)**	80
			(1,341)	(946)
Profit		$	**4,571**	2,502
Earnings per share				
- Basic		$	**0.17**	0.09
- Diluted			**0.16**	0.09
Weighted average number of shares oustanding (thousands)				
- Basic			**26,630**	28,184
- Diluted			**27,865**	29,400

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Comprehensive Income

(unaudited)

(thousands of Canadian dollars)	*Notes*		Three months ended March 31 **2016**	2015
Profit		$	**4,571**	2,502
Other comprehensive loss				
Cash flow hedges:				
Net movement on interest rate swaps	*8(b)*		**(45)**	(50)
Income tax recovery			**13**	13
Amounts reclassified to profit			**(32)**	(37)
Comprehensive income		$	**4,539**	2,465

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Changes in Shareholders’ Equity

(unaudited)

(thousands of Canadian dollars)		Issued share capital (note 5)	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at January 1, 2016	**$**	**34,488**	**2,483**	**(143)**	**109,163**	**145,991**
Profit		**-**	**-**	**-**	**4,571**	**4,571**
Other comprehensive loss		**-**	**-**	**(32)**	**-**	**(32)**
Total comprehensive income (loss)		**-**	**-**	**(32)**	**4,571**	**4,539**
Exercise of executive stock options		**19**	**(19)**	**-**	**-**	**-**
Executive stock option compensation expense		**-**	**27**	**-**	**-**	**27**
Balance at March 31, 2016	**$**	**34,507**	**2,491**	**(175)**	**113,734**	**150,557**

See accompanying notes to the interim financial statements

(thousands of Canadian dollars)		Issued share capital (note 5)	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance at January 1, 2015	$	36,596	2,602	(144)	101,475	140,529
Profit		-	-	-	2,502	2,502
Other comprehensive loss		-	-	(37)	-	(37)
Total comprehensive income (loss)		-	-	(37)	2,502	2,465
Exercise of executive stock options		131	(131)	-	-	-
Balance at March 31, 2015	$	36,727	2,471	(181)	103,977	142,994

See accompanying notes to the interim financial statements

Interim Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	*Notes*		Three months ended March 31 2016	2015
Operating activities				
Profit before provision for income taxes		$	**5,912**	3,448
Items not involving cash				
Depreciation, amortization and accretion of other liabilities			**1,268**	1,310
Interest expense			**1,216**	2,148
Share-based compensation expense	*6*		**27**	-
Unrealized (gains) losses on marketable securities	*8(a)*		**(238)**	176
Other			**30**	(27)
			8,215	7,055
Net change in non-cash working capital balances related to operations			**3,820**	1,713
Cash generated from operations			**12,035**	8,768
Interest paid			**(1,308)**	(1,578)
Income taxes paid			**(3,405)**	(5,509)
Net cash flow from operating activities			**7,322**	1,681
Financing activities				
Change in bank indebtedness			**(320)**	431
Long-term borrowings			**-**	5,500
Long-term debt repayments			**(5,812)**	(2,812)
Dividends paid			**-**	(2,534)
Net cash flow (used in) from financing activities			**(6,132)**	585
Investing activities				
Property and equipment additions			**(840)**	(1,940)
Canadian Content Development commitment payments			**(356)**	(305)
Other			**6**	(21)
Net cash flow used in investing activities			**(1,190)**	(2,266)
Cash, beginning and end of year		$	**-**	-

See accompanying notes to the interim financial statements

1. REPORTING ENTITY

Newfoundland Capital Corporation Limited (the "Company") is incorporated in Nova Scotia, Canada. The address of the Company's registered office of business is 8 Basinview Drive, Dartmouth, Nova Scotia, B3B 1G4. The Company's primary activity is radio broadcasting. These unaudited condensed interim consolidated financial statements ("interim financial statements") comprise the financial position of the Company and its subsidiaries, together referred to as the "Company". The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations. The first quarter of the year is generally a period of lower retail spending. As a result, revenue and profit are generally lower than the other quarters.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 3, 2016.

2. BASIS OF PREPARATION

a) Statement of compliance

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the annual financial statements for the year ended December 31, 2015. Accordingly, these interim financial statements should be read together with the annual financial statements for the year ended December 31, 2015 prepared in accordance with IFRS.

These interim financial statements have been prepared in accordance with those IFRS standards and IFRS Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the date of these statements. All amounts are expressed in Canadian dollars, rounded to the nearest thousand (unless otherwise specified). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

b) Critical accounting estimates

There has been no substantive change in the Company's critical accounting estimates and assumptions since the publication of the annual financial statements for the year ended December 31, 2015.

3. NEW AND FUTURE ACCOUNTING STANDARDS

Adoption of new accounting standards

IFRS 7, Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
On January 1, 2016, the Company adopted the amendments to IFRS 7, which include guidance on offsetting financial assets and financial liabilities. This amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

IAS 19, Employee Benefits – Discount rate: regional market issue
On January 1, 2016, the Company adopted the amendment to IAS 19 which clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located.

IAS 34, Interim Financial Reporting – Disclosure of information 'elsewhere in the interim financial report'
On January 1, 2016, the Company adopted the amendment to IAS 34 which clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report.

3. NEW AND FUTURE ACCOUNTING STANDARDS *(continued)*

Adoption of new accounting standards *(continued)*

The adoption of these updated accounting standards did not result in a material impact to the Company's interim financial statements.

Future accounting standards

Standards issued but not yet effective until after December 31, 2016 are consistent with those disclosed in the Company's annual financial statements for the year ended December 31, 2015.

4. LONG-TERM DEBT

(thousands of Canadian dollars)		**March 31 2016**	December 31 2015
Revolving term credit facility of $90 million, renewable, expires in May 2018	$	**70,500**	73,500
Non-revolving term credit facility of $90 million, repayable in quarterly instalments, expires in May 2018		**70,312**	73,125
		140,812	146,625
Less: current portion of non-revolving credit facility		**(11,250)**	(11,250)
Less: debt transaction costs, net of accumulated amortization of $757 (2015 - $682)		**(642)**	(717)
	$	**128,920**	134,658

The $90 million revolving term credit facility has no set terms of repayment. The $16,600,000 undrawn amount may be used to fund future operations, capital requirements and investing activities, subject to the debt covenants which are disclosed in note 8. The Company secured the $90 million non-revolving term credit facility, which was drawn on March 31, 2014, as part of the funding for a business acquisition. The facility is being amortized over eight years and is repayable in quarterly instalments of $2,813,000.

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

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

5. SHARE CAPITAL

Outstanding share capital

Outstanding share capital was 26,634,724 at March 31, 2016 (December 31, 2015 - 26,629,658).

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,200,495 Class A Subordinate Voting Shares ("Class A shares") and 75,386 Class B Common Shares ("Class B shares") during the period of May 25, 2015 to May 24, 2016. During the first quarter of 2016, no shares were repurchased (2015 - nil). As at March 31, 2016, the Company has 35,695 Class A shares and 75,386 Class B shares remaining to be repurchased in accordance with this bid.

Exercise of stock options

Pursuant to the Company's executive stock option plan, disclosed in note 6, 20,000 options were exercised during the first quarter using the cashless exercise option resulting in 5,066 shares issued from treasury (2015 - 125,000 options exercised with 29,156 shares issued from treasury). Share capital was increased and contributed surplus was decreased by $19,000 (2015 - $131,000) as a result of the options being exercised.

6. SHARE-BASED COMPENSATION PLANS

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

Stock appreciation rights

There are no stock appreciation rights outstanding as at March 31, 2016. During the first quarter of 2015, the remaining 50,000 rights were exercised for cash proceeds of $85,000. Compensation expense in the first quarter was $nil (2015 - $nil).

Executive stock options

A total of 2,252,500 stock options are outstanding pursuant to the Company's executive stock option plan. The options generally vest as follows: twenty-five percent on the date of grant and twenty-five percent on each of the three succeeding anniversary dates. Option holders may elect to exercise their options on a cashless basis in which case capital shares are issued from treasury based on a formula that takes into account the market value of the Company's Class A shares and the option's strike price.

No options were granted during the first quarter (2015 - nil). In the quarter, 20,000 options were exercised (2015 - 125,000). Compensation expense related to the stock option plan in the quarter was $27,000 (2015 - $nil).

7. EMPLOYEE BENEFIT PLANS

		Three months ended March 31	
(thousands of Canadian dollars)		**2016**	2015
Defined contribution plan expense	$	**458**	449
Defined benefit plan expense		**97**	98

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Estimated fair value of financial instruments

The fair value of long-term debt approximates the carrying value because the interest charges under the terms of the long-term debt are based on the 3-month Canadian bankers' acceptance rates. The premium to bankers' acceptance rates is based on certain financial ratios and is consistent with market value as the rates were renegotiated within the last twelve months. The fair values of financial instruments in other liabilities approximate their carrying values as they are recorded at the net present value of their future cash flows, using an appropriate discount rate.

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

(thousands of Canadian dollars)			**Level 1**	**Level 2**	**Level 3**
Description		**Total**	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
Financial assets at fair value through profit or loss					
Marketable securities	$	**1,067**	1,067	-	-
Items accounted for as hedges					
Interest rate swap payable		**(696)**	-	(696)	-
Other liabilities at amorized cost, with fair values disclosed					
Long-term debt, excluding unamortized credit facility fees		**(140,812)**	-	(140,812)	-
Other liabilities		**(7,536)**	-	(7,536)	-

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

Estimated fair value of financial instruments *(continued)*
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

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

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

Credit risk

The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. Credit exposure is managed through credit approval and monitoring procedures. The Company does not require collateral or other security from clients for trade receivables; however the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The maximum credit exposure approximated $34,256,000 as at March 31, 2016 (December 31, 2015 - $39,839,000), which included accounts receivable. The Company reviews its receivables for possible indicators of impairment on a regular basis and as such, it maintains a provision for potential credit losses which totaled $886,000 as at March 31, 2016 (December 31, 2015 - $879,000). The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables.

Approximately 81% of trade receivables are outstanding for less than 90 days. Amounts would be written off directly against accounts receivable and against the allowance only if and when it was clear the amount would not be collected due to customer insolvency. Historically, the significance and incidence of amounts written off directly against receivables have been low. The total amount written off in the first quarter was $87,000 which represents a very small portion of accounts receivable and revenue. The Company believes its provision for potential credit losses is adequate at this time given the current economic circumstances.

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. With regard to the Company's derivative instruments, the counterparty risk is managed by only dealing with Canadian chartered banks having high credit ratings.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, which includes quoted share prices in active markets and interest rates.

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

The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various industries. It also conducts regular financial reviews of publicly available information related to its investments to determine if any identified risks are within tolerable risk levels. As at March 31, 2016, a 10% change in the share prices of the Company's marketable securities would result in an estimated $90,000 change in profit.

For the quarter ended March 31, 2016, the change in fair value of marketable securities, recorded in *other income (expense)*, was an unrealized gain of $238,000 (2015 - unrealized loss of $176,000).

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

b) *Interest rate risk management*

The Company is exposed to interest rate risk on the long-term debt issued at floating rates under its credit facilities. A 0.5% change in the annual floating interest rates would have a $90,000 impact on profit for the quarter.

The Company has in place an interest rate swap agreement with a Canadian chartered bank to hedge its exposure to fluctuating interest rates on its long-term debt. The swap has a notional amount of $45,000,000 and expires in May 2017. The swap agreement involves the exchange of the three-month bankers' acceptance floating interest rate for a fixed interest rate. The difference between the fixed and floating rates is settled quarterly with the bank and recorded as an increase or decrease to interest expense. Changes in fair value of the swap are recorded in profit.

At quarter end, the aggregate fair value of the swap agreement was a $696,000 liability, of which $45,000 was classified as a current liability (December 31, 2015 - $891,000; $52,000 classified as current).

A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreement would have impacted the fair value of the interest rate swap by approximately $204,000 which would have flowed through profit.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, Canadian Content Development ("CCD") payments, and other contractual obligations that are disclosed below.

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

Obligation *(thousands of Canadian dollars)*		**12 months**	**2017 - 2020**	**Thereafter**
Long-term debt, excluding debt transaction costs *(note 4)*	$	11,250	129,562	-
Bank indebtedness		1,428	-	-
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		16,319	-	-
CCD commitments, undiscounted		2,264	5,983	-
	$	31,261	135,545	-

Assuming the long-term debt is renewed in 2018, which is consistent with past practice, the payments would be $45,000,000 for the period 2017 to 2020 and $84,562,000 thereafter.

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

Capital risk

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

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

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 throughout the quarter and as at March 31, 2016.

9. Operating Segment Information

The Company has two reportable segments – Broadcasting and Corporate and Other. The Broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising and is a strategic business unit that offers different services and is managed separately. Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations as well as office space rental and related services revenue. The Company evaluates performance based on earnings before interest, taxes, depreciation and amortization.

Included within the Broadcasting segment are distinct operating segments that have been aggregated as they operate within the same regulatory environment and use similar processes to provide advertising services to customers. Operating segments are evaluated by the Company based on specific geographic locations within Canada. The Company considered the economic characteristics of the various operating segments, including earnings before interest, taxes, depreciation and amortization, in determining that these segments are appropriate to aggregate.

9. Operating Segment Information *(continued)*

(thousands of Canadian dollars)	Broadcasting	Corporate and Other	Total
	Three months ended March 31, 2016		
Revenue	**$ 35,910**	**969**	**36,879**
Operating expenses	**(25,787)**	**(2,930)**	**(28,717)**
Segment profit (loss)	**10,123**	**(1,961)**	**8,162**
Depreciation, amortization and accretion of other liabilities	**(1,151)**	**(117)**	**(1,268)**
Interest expense	**-**	**(1,216)**	**(1,216)**
Other income	**-**	**234**	**234**
Profit (loss) before provision for income taxes	**$ 8,972**	**(3,060)**	**5,912**
Other disclosures			
Capital expenditures	**$ (570)**	**(270)**	**(840)**
	Three months ended March 31, 2015		
Revenue	$ 34,646	859	35,505
Operating expenses	(25,627)	(2,791)	(28,418)
Segment profit (loss)	9,019	(1,932)	7,087
Depreciation, amortization and accretion of other liabilities	(1,213)	(97)	(1,310)
Interest expense	-	(2,148)	(2,148)
Other income (expense)	5	(186)	(181)
Profit (loss) before provision for income taxes	$ 7,811	(4,363)	3,448
Other disclosures			
Capital expenditures	$ (1,929)	(11)	(1,940)
	As at March 31, 2016		
Total assets	**$ 344,292**	**14,251**	**358,543**
Total liabilities	**(25,360)**	**(182,626)**	**(207,986)**
Other disclosures			
Broadcast licences	**262,029**	**-**	**262,029**
Goodwill	**12,014**	**-**	**12,014**
	As at December 31, 2015		
Total assets	$ 350,398	13,848	364,246
Total liabilities	(29,505)	(188,750)	(218,255)
Other disclosures			
Broadcast licences	262,029	-	262,029
Goodwill	12,014	-	12,014

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

For shareholder account inquiries:
Telephone: 1-800-387-0825 (toll free in North America)
e-mail: inquiries@canstockta.com
or write to: Newfoundland Capital Corporation Limited
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Investor relations contact
Institutional and individual investors seeking financial information about the Company are invited to contact Scott G. M. Weatherby, Chief Financial Officer and Corporate Secretary (902) 468-7557
E-mail: investorrelations@ncc.ca
web: www.ncc.ca

Stock exchange listing and symbols
The Company's Class A Subordinate Voting Shares and Class B Common Shares are listed on the Toronto Stock Exchange under the symbols NCC.A and NCC.B.

Newfoundland Capital Corporation

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