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Attention Business/Financial/Entertainment Editors:
Newfoundland Capital Corporation Limited - First Quarter 2007 - Period Ended March 31 (unaudited)

DARTMOUTH, NS, May 8 /CNW/ - May 8, 2007, Newfoundland Capital Corporation Limited (the "Company"), one of Canada's leading radio broadcasters, today announces its financial results for the first quarter ended March 31, 2007.

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Highlights

The Company benefited from a significant gain on the disposal of its investment in Halterm Income Fund Trust Units which positively impacted net income for the quarter.

- Revenue grew 5% to $19.5 million, the growth coming from broadcasting operations.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1)) of $0.1 million are $3.1 million lower than last year. Excluding short-term investment portfolio gains and losses for this and the prior year, EBITDA was $1.7 million compared to last year's $1.0 million. Broadcasting operating margins were 4% better than last year.
- Net income of $7.4 million, or $0.67 per share, was $6.2 million, or $0.57 per share, higher than last year. The increase in net income is attributable to the $10.8 million gain realized on the disposal of Halterm Income Fund Trust Units.

Significant events

The Company launched its recently awarded FM licence in Calgary, Alberta, received approval to convert two AM signals to FM, disposed of its Halterm Income Fund Trust Units and sold its 29.9% interest in a radio undertaking in Kitchener-Waterloo, Ontario subsequent to quarter end. More details are as follows:

- Disposal of Halterm Income Fund Trust Units for proceeds of $14.5 million.
- FUEL 90.3 FM in Calgary, Alberta was successfully launched in March.
- Canadian Radio-television and Telecommunications Commission ("CRTC") approved the request to convert the AM signals to FM in Halifax, Nova Scotia and Edson, Alberta.
- Subsequent to quarter end, the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener-Waterloo, Ontario. The resulting gain of $3.8 million will be recognized in the second quarter.

Rob Steele, President and Chief Executive Officer commented: "launching FUEL 90.3 FM in Calgary, Alberta in the first quarter was a priority. With two FM stations operating in this market, we will now benefit from operating synergies in marketing and infrastructure costs. The potential for strong revenue and margin growth is especially promising in Calgary, one of the top five radio markets in Canada." He further commented: "financial results this quarter were in line with expectations. Having spent much of the last two years integrating new operations into Newcap Radio's business platform, this year is all about reaping the rewards of that work by generating revenue growth and margin expansion."

Financial Highlights - First Quarter

(thousands of dollars except share information)	2007	2006

Revenue	$ 19,518	18,563
EBITDA	108	3,199
Net income	7,408	1,167
Earnings per share - basic	0.67	0.10
- diluted	0.64	0.10
Share price, NCC.A (closing)	18.75	17.00
Weighted average number of shares outstanding (in thousands)	11,134	11,223
Total assets	209,896	208,398
Long-term debt	40,280	56,708
Shareholders' equity	98,675	83,008

Management's Discussion and Analysis

The following interim discussion and analysis of financial condition and results of operations of Newfoundland Capital Corporation Limited (the "Company") has been prepared as of May 8, 2007. The purpose of the Management's Discussion and Analysis ("MD&A") is to provide readers with additional complementary information regarding the Company's financial condition and results of operations and should be read in conjunction with the unaudited interim consolidated financial statements and related notes for the periods ended March 31, 2007 and 2006 as well as the annual audited consolidated financial statements and related notes and the MD&A contained in the Company's 2006 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 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 overall goal is to increase shareholder value. To accomplish this, the Company seeks growth by adding new licences to its portfolio of assets through business and licence acquisitions and through the Canadian Radio-television and Telecommunications Commission ("CRTC") licence application process, by converting AM stations to FM, and by maximizing returns on existing operations. The section below describes some of the Company's developments to-date.

Corporate developments

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

2007 developments

- January 19, 2007 - the Company's investment in Halterm Income Fund Trust Units was disposed of for $14.5 million. The proceeds were used to repay long-term debt.

- February 1, 2007 - the CRTC approved the Company's application to convert its AM signal to FM in Edson, Alberta. The Classic Hits FM station is expected to hit the airwaves this Summer.

- March 19, 2007 - the Company successfully launched the new Calgary, Alberta FM station, FUEL 90.3, featuring a Triple A format. Results so far indicate strong listener and advertiser acceptance of the station.

- April 4, 2007 - subsequent to the first quarter, the Company's request to convert its AM station in Halifax, Nova Scotia to FM was approved. The CRTC imposed certain conditions associated with this approval. The Company is currently examining its options and fully intends to comply with the conditions.

- April 12, 2007 - subsequent to the first quarter, the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener-Waterloo, Ontario for proceeds of $4.0 million resulting in a gain on disposal of $3.8 million.

2006 developments

- 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 the fourth quarter of 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 2006.

- March 23, 2006 - the Canadian Radio-television and Telecommunications Commission approved the purchase of CKJS Limited which held 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 stations were launched in the Summer of 2006.

- November 15, 2006 - awarded a new FM radio licence to broadcast in Fort McMurray, Alberta. The station is expected to launch in the Fall of 2007.

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.

Revenue

(thousands of dollars except percentages)	Three months ended March 31 2007	2006	Growth Total	Organic
Revenue				
Broadcasting	$ 18,728	17,771	5%	2%
Corporate and other	790	792	-	-
	$ 19,518	18,563	5%	2%

Consolidated revenue of $19.5 million in the quarter represents a 5% improvement over last year's results. The 5% total increase in broadcasting revenue is in-line with the radio advertising industry's average growth rate of 5.1% for the same period. This quarter is generally a lower retail spending period and this is reflected in the results. The Company continues to benefit from incremental revenue generated by operations launched and acquired in 2006 especially from its new FM station in Charlottetown, Prince Edward Island and from the acquisition of CKJS Limited in Winnipeg, Manitoba. Corporate and other revenue is on par with last year.

Other income (expense)

This year, the Company wrote-down the short-term investment portfolio by $1.6 million to market value while last year's figure consisted primarily of a $2.2 million increase in the value of the portfolio. This explains the significant variance when comparing 2007 to the same period in 2006.

Operating expenses

Operating expenses of $17.9 million were slightly higher than the same period last year; a $0.3 million increase. This 2% increase is due to higher variable costs associated with higher revenue.

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

(thousands of dollars except percentages)	Three months ended March 31 2007	2006	Growth Total	Organic
EBITDA (1)				
Broadcasting	$ 3,315	2,542	30%	35%
Corporate and other	(3,207)	657	(588%)	(588%)
	$ 108	3,199	(97%)	(92%)
% of Revenue				
Broadcasting	18%	14%	4%	3%
Total	1%	15%	(14%)	(16%)

Consolidated EBITDA is significantly lower than last year. When excluding the effects of the fluctuating short-term investment portfolio year over year, as described under "Other income (expense)", consolidated EBITDA was

$1.7 million compared to $1.0 million in 2006; a $0.7 million improvement. Broadcasting EBITDA was 30% higher than last year and all of it is attributed to organic improvements. Management has delivered on its objective to reduce spending and this is demonstrated in the broadcasting EBITDA results.

Depreciation and amortization

Depreciation and amortization expense is on par with last year.

Interest expense

The Company's lower long-term debt balance helped to offset higher interest rates; therefore, interest expense is comparable with last year.

Accretion of other liabilities

Accretion of other liabilities arises from discounting Canadian Talent Development commitments to reflect the fair value of the obligations. The $0.2 million expense this quarter is slightly lower than last year's $0.3 million.

Loss on equity accounted investment

The loss from the equity accounted investment is minimal in the first quarter and is comparable with 2006. Since the Company's interest in this business was sold subsequent to quarter end, the company will no longer have a loss on equity accounted investment.

Gain on disposal of long-term investment

On January 19, 2007, the Halterm Income Fund Trust Units were disposed of for proceeds of $14.5 million which resulted in a gain of $10.8 million (2006 - $0.2 million).

Income taxes

The effective income tax rate in the quarter is 17%, compared to 13% in the same quarter last year. The low rates in both years are due to the lower tax rate that is applicable to capital gains on investments.

Non-controlling interest in subsidiaries' earnings

Non-controlling interest in subsidiaries' earnings in the quarter was on par with the same period last year.

Net income

(thousands of dollars except per share data)	Three months ended March 31 2007	2006	Basic earnings per share 2007	2006
Net income	$ 7,408	1,167	0.67	0.10

Net income is higher than last year due to the $8.9 million after-tax gain realized on the disposal of Halterm Income Fund Trust Units.

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 generally lower than the other quarters. The net loss in the third quarter of 2005 included the $3.5 million Halterm settlement. In 2006, an $8.7 million gain realized on short-term investments positively affected the second quarter while the third quarter was negatively impacted by a decline in the value of short-term investments. The 2007 first quarter's net income is significantly higher due to the $8.9 million gain on disposal of the Halterm Income Fund Trust Units.

(thousands of dollars except per share data)	2007	2006				2005		
	1st	4th	3rd	2nd	1st	4th	3rd	2nd
Revenue	$ 19,518	28,064	22,788	24,522	18,563	24,600	19,359	20,915
Net income (loss)	7,408	3,285	9	7,506	1,167	2,691	(1,245)	3,090
Earnings per share								
- Basic	0.67	0.29	0.00	0.67	0.10	0.24	(0.11)	0.27
- Diluted	0.64	0.28	0.00	0.65	0.10	0.23	(0.11)	0.27

Liquidity and capital resources

Selected cash flow information - 2007

The cash used in operating activities of $3.5 million is $2.5 million higher than last year; a result of the non-cash gain. The proceeds of $14.5 million from the disposal of the Halterm Income Fund Trust Units and the $2.8 million employee share purchase loan repayment were used to repay $13.5 million of long-term debt and to purchase $1.0 million of property and equipment.

Selected cash flow information - 2006

The decrease in non-cash working capital contributed to last year's $1.0 million use of cash in operating activities. Net debt borrowings of $4.8 million were primarily used to repurchase capital stock of $1.2 million and to purchase property and equipment of $0.7 million.

Over half of the expenditures in capital assets in the first quarter was related to the launch of the new FM licence in Calgary, Alberta. The balance was for general capital improvements across the Company. These expenditures formed part of the 2007 capital budget of $7.0 million. Other future expenditures include those associated with launching new licences and AM to FM conversions that were recently awarded by the CRTC as well as other upgrades throughout the Company.

The Company expects its level of cash flow for the remainder of 2007 to be sufficient to fund working capital, capital expenditures, contractual obligations and other cash requirements.

Credit facility and capital structure

The Company's syndicated credit facility has not changed since the publication of the 2006 Annual Report. The revolving credit facility is renewed annually; the current maturity date is April 2008. This type of credit facility provides flexibility because there are no scheduled repayment terms. Covenants for the facility require that the Company maintain certain financial ratios. The Company was in compliance with the covenants throughout the quarter and at quarter end, and expects to be for the foreseeable future. As at March 31, 2007 the Company had $3.6 million of current bank indebtedness outstanding and $40.3 million of long-term debt, of which less than $0.1 million was current. Working capital was $0.9 million compared to $9.2 million as at December 31, 2006; the declined working capital balance is due to the decrease in current assets.

Contractual obligations

There have been no substantial changes to the Company's contractual obligations since the publication of the 2006 Annual Report except for additional obligations for Canadian Talent Development commitments aggregating $0.3 million related to the conversions of AM signals to FM in Edson, Alberta and Halifax, Nova Scotia and the repayment of long-term debt of $13.5 million.

Financial condition

Capital employed

Assets at quarter end totalled $209.9 million, down from $216.3 million at December 31, 2006 primarily due to the decrease in current assets. At quarter end the capital structure consisted of 45% equity ($94.9 million) and 55% debt ($115.0 million). Total bank debt is 46% of equity, compared to the year end ratio of 60%. The total bank debt to EBITDA ratio, calculated in accordance with the Company's credit facility, was 2.8 to 1.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 497,012 Class A Subordinate Voting Shares ("Class A shares") and 62,913 Class B Common Shares. This bid expires January 29, 2008. Pursuant to the Normal Course Issuer Bid, the Company repurchased 198,800 (2006 - 74,900) of its outstanding Class A shares for a total cost of $3.7 million (2006 - $1.2 million) which resulted in reducing capital stock by $0.8 million (2006 - $0.3 million) and retained earnings by $2.9 million (2006 - $0.9 million).

Outstanding share data

The weighted average number of shares outstanding was 11.1 million; comparable to last year's number. As at May 8, 2007, there are 9,745,000 Class A shares and 1,258,000 Class B Common Shares outstanding.

Executive compensation

Executive stock option plan

Pursuant to the Executive Stock Option Plan, 3,750 Class A shares were issued in the first quarter (2006 - nil) for proceeds under $0.1 million (2006 - $nil). No options were granted in the quarter. Last year, the Company granted 115,000 options at a weighted average exercise price of $16.53. Total compensation expense related to stock options for the three months ended March 31, 2007 was $0.1 million (2006 -$0.2 million). The Company has 975,000 stock options outstanding for Class A shares at prices ranging from $7.30 to $16.53, of which 795,000 are vested.

Stock appreciation rights plan

In January 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 30,000 of these rights have expired due to forfeiture. On March 2, 2007, 5,000 stock appreciation rights were granted at a reference price of $18.41. For the three months ended March 31, 2007, the compensation expense was $0.1 million (2006 - $0.1 million) and the total obligation included in other liabilities was $0.2 million (2006 - $nil).

Derivative financial instruments and financial risk management

Interest rate risk management

The Company has two interest rate swap agreements having a notional amount of $20.0 million and $5.0 million, expiring February 27, 2009 and February 27, 2011, respectively (2006 - $30.0 million). A $5.0 million agreement expired in July 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 Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The estimated fair value of the interest rate swaps at March 31, 2007 was a loss of $0.1 million which was recorded in other liabilities. The reduction in the loss for the three months ended March 31, 2007 was $0.1 million and was recorded in other comprehensive income, net of income taxes. For the same period last year, the fair value of the swap agreements was a loss of $0.1 million; however, this was not recorded in other liabilities since prior to January 1, 2007 there was no requirement to adjust derivates designated as hedges on the balance sheet at their fair value when they qualified for hedge accounting. The accumulated loss at January 1, 2007 of $0.2 million was recorded, net of income tax recoveries of $0.1 million, as a transition adjustment to opening accumulated other comprehensive income ("AOCI").

Share price volatility management

In July 2006, the Company entered into an agreement to hedge its obligations under the stock appreciation rights plan ("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. Gains or losses realized on the quarterly settlement dates are recognized in income in the same period as the SAR Plan compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in other comprehensive income ("OCI"), will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of gains receivable as at March 31, 2007 was $0.5 million which was recorded in other assets. The unrealized gain for the three months ended March 31, 2007 was $0.5 million and was recorded in OCI, net of income taxes. Realized gains in the quarter of $0.1 million were transferred from OCI to net income. The accumulated loss at January 1, 2007 related to this cash flow hedge was under $0.1 million and was recorded, net of income tax recoveries, as a transition adjustment to opening AOCI.

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 March 31, 2007 and 2006, there was no credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables and it maintains a provision for potential credit losses. A large customer base and geographic dispersion minimize this risk.

Adoption of new accounting policies

The Company's accounting policies have remained unchanged since the 2006 Annual Report except for the accounting policies adopted January 1, 2007 as a result of new policies issued by the Canadian Institute of Chartered Accountants ("CICA"): Section 1530 Comprehensive Income, Section 3855 Financial Instruments - Recognition and Measurement and Section 3865 Hedges. The changes in the accounting policies were applied retroactively without restatement.

Section 1530 Comprehensive Income

This Section introduces the concept of comprehensive income which consists of net income and OCI and represents the change in equity during a period from transactions and other events from non-owner sources. Items to be recognized in OCI include unrealized changes in the fair value of the effective portion of cash flow hedging instruments, gains or losses on financial assets classified as available-for-sale and the associated income tax effect of OCI components. Amounts recognized in OCI eventually are reclassified to the income statement. As a result of adopting this Section, the Company's consolidated financial statements now include a consolidated statement of comprehensive income and a consolidated statement of AOCI. AOCI is a separate line item reported in the statement of shareholders' equity.

Section 3855 Financial Instruments - Recognition and Measurement

Section 3855 prescribes that all financial instruments are to be recorded on the consolidated balance sheets at their fair value upon adoption of this policy and on initial recognition of financial instruments. Thereafter, measurement at fair value is required except for financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities, which are to be measured at amortized cost using the effective interest method ("EIM"). The Company has classified its financial assets and liabilities according to the provisions covered under Section 3855; details are included in Note 2 of the consolidated financial statements.

Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. Fair value of short-term investments is based on the quoted share prices in active markets. For the quarter ended March 31, 2007, the change in fair value of short-term investments, recognized in other income (expense) in the consolidated income statements, was a loss of $1.6 million. The Company's short-term investments are acquired principally for the purpose of selling in the near term and this meets the criteria to classify these assets as held for trading.

Assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Fair value of the Company's available for sale asset was based on the quoted unit price in active markets.

The financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using EIM. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument. Interest income and expense related to financial assets and financial liabilities are being recorded using the EIM.

Current assets and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the floating interest rate is reflective of the market interest rate available to the Company. The carrying values of the Company's other financial assets and liabilities approximate their fair values as at March 31, 2007.

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

In accordance with Section 3855, the Company conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the balance sheet at fair value. The Company's policy is to recognize embedded derivatives on the consolidated balance sheet, when applicable. This rule has no impact on the consolidated financial statements of the Company at this time.

Section 3865 Hedges

This Section applies to designated hedging relationships and provides guidance by specifying how hedge accounting is applied and what disclosures are required. In particular, derivatives designated as hedges must be recorded on the balance sheet at fair value on adoption date; off-balance sheet accounting is no longer permitted. Gains and losses from any ineffectiveness in hedging relationships must now be identified, measured and recorded in net income immediately. Gains and losses arising from the hedged risk in a cash flow hedge, to the extent that the hedging relationship is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income.

Transitional adjustments due to the adoption of new accounting policies

As at January 1, 2007, the Company's investment in Halterm Income Fund Trust Units was classified as an available for sale asset. It was disposed of on January 19, 2007 for proceeds of $14.5 million which resulted in an after-tax gain on disposal of $8.9 million. Section 3855 stipulates that available-for-sale assets are to be recorded at fair value on the balance sheet on the transition date and Section 1530 specifies that unrealized gains or losses on available-for-sale assets are to be recorded in OCI until the gains or losses are realized. As a result, on January 1, 2007, the Company adjusted the carrying value of the investment and opening accumulated other comprehensive income by $8.9 million. On the date of disposal, the realized gain was transferred from OCI to net income.

As at January 1, 2007, net cash flow hedge losses aggregating $0.1 million were recorded as an adjustment to opening AOCI as a result of recognizing the derivatives at fair value on the balance sheet. For further information on the effect of adopting these new accounting policies on the Company's derivative financial instruments, refer to Note 7 of the consolidated financial statements.

Future accounting policy changes

The CICA released new sections that will be applicable to the Company effective for years beginning on or after October 31, 2007. Section 1535 Capital Disclosures introduces new disclosure requirements surrounding an entity's objectives, policies and procedures for managing capital. Section 3862 Financial Instruments - Disclosures and Section 3863 - Financial Instruments - Presentation build on Section 3861 and provide additional presentation and disclosure guidance for financial instruments. Besides additional disclosure and presentation requirements, the Company anticipates no significant financial impact as a result of adopting these new Sections January 1, 2008.

Critical accounting estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2006 Annual Report except for certain estimates required in determining fair value in conjunction with the adoption of new accounting policies described in Note 2 of the consolidated financial statements.

Risks and opportunities

There has been no substantial change in the Company's risks and opportunities since the publication of the 2006 Annual Report.

Changes in internal controls over financial reporting

There were no changes in the Company's internal controls over financial reporting that occurred in the three months ending March 31, 2007 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

Outlook

The Company's primary objectives for 2007 include:

- Launching newly awarded licences in Lac LaBiche and Fort McMurray, Alberta;

- Integrating new stations into the Company's operating platform. With the launch of FUEL 90.3 FM in Calgary, Alberta now completed, management's focus is on integrating the operations with the existing FM station in that market. Management anticipates strong results from operations in this vibrant city;

- More AM to FM conversions, wherever possible. The CRTC awarded the Company the ability to convert AM signals to FM in Edson, Alberta and Halifax, Nova Scotia. Management hopes to complete the conversions as soon as possible and explore other opportunities throughout the year.

The competitive environment in radio broadcasting continues to be challenging in some markets as a result of increased competition from new entrants. To mitigate the risk of market share loss and thus revenue loss due to new entrants, management is focused on targeting programming to specific listening audiences. If format changes are required as a result of research into the demographics and the needs of the listeners, management is committed to making timely adjustments to prevent market share erosion.

The Company continues to be engaged in the application of new licences through the CRTC process. Currently, management is awaiting decisions on applications for Regina and Saskatoon, Saskatchewan, Medicine Hat, Alberta, Sudbury, Ontario, Carbonear, Newfoundland, and Sydney and Kentville, Nova Scotia.

The Company is always open to accretive acquisition opportunities.

Non-GAAP Measure

(1)EBITDA is defined as net income excluding depreciation and amortization expense, interest expense, accretion of other liabilities, loss on equity accounted investment, 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 March 31	
(thousands of dollars)	2007	2006
Net income	$ 7,408	1,167
Non-controlling interest in subsidiaries' earnings	102	81
Provision for income taxes	1,566	190

Gain on disposal of long-term investment	(10,843)	(168)
Loss on equity accounted investment	14	47
Accretion of other liabilities	240	325
Interest expense	738	715
Depreciation and amortization expense	883	842
EBITDA	$ 108	3,199

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

Newfoundland Capital Corporation Limited

Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months ended March 31, 2007 and 2006

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

The accompanying unaudited interim consolidated financial statements of the Company for the three months ended March 31, 2007 and 2006 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 8th day of May, 2007

Consolidated Balance Sheets
(unaudited)

(thousands of dollars)	March 31 2007	December 31 2006
Assets		
Current assets		
Short-term investments	$ 10,861	12,404
Receivables	16,606	20,783
Note receivable	963	927
Prepaid expenses	1,046	610
Other asset (note 2)	-	3,704
Total current assets	29,476	38,428
Property and equipment	32,614	32,392
Other assets (note 7)	5,151	8,069
Broadcast licences (note 3)	135,985	131,267
Goodwill	4,337	4,337
Future income tax assets	2,333	1,794

	$ 209,896	216,287

Liabilities and Shareholders' Equity

Current liabilities		
Bank indebtedness	$ 3,561	802
Accounts payable and accrued liabilities	17,091	19,459
Dividends payable	-	1,680
Income taxes payable	7,865	7,236
Current portion of long-term debt	23	23
Total current liabilities	28,540	29,200
Long-term debt	40,280	53,771
Other liabilities (note 7)	21,107	17,083
Future income tax liabilities	13,854	13,631
Non-controlling interest in subsidiaries	11,177	11,680
Shareholders' equity	94,938	90,922
	$ 209,896	216,287

Commitments (note 10)
Subsequent event (note 11)
See accompanying notes to the consolidated financial statements

Consolidated Statements of Income
(unaudited)

	Three months ended March 31	
(thousands of dollars except per share data)	2007	2006
Revenue	$ 19,518	18,563
Other income (expense)	(1,500)	2,235
	18,018	20,798
Operating expenses	17,910	17,599
Depreciation	775	724
Amortization of deferred charges	108	118
Operating income	(775)	2,357
Interest	738	715
Accretion of other liabilities (note 3)	240	325
Loss on equity accounted investment	14	47
Gain on disposal of long-term investment (note 2)	(10,843)	(168)
	9,076	1,438
Provision for income taxes	1,566	190
	7,510	1,248
Non-controlling interest in subsidiaries' earnings	102	81
Net income	$ 7,408	1,167
Earnings per share (note 8)		
- basic	$ 0.67	0.10
- diluted	0.64	0.10

See accompanying notes to the consolidated financial statements

Consolidated Statements of Shareholders' Equity
(unaudited)

(thousands of dollars)	Three months ended March 31 2007	2006
Retained earnings, beginning of period	$ 45,525	38,441
Net income	7,408	1,167
Repurchase of capital stock (note 4)	(2,890)	(921)
Retained earnings, end of period	50,043	38,687
Capital stock	42,499	43,316
Contributed surplus	2,185	1,005
Accumulated other comprehensive income (note 2)	211	-
Total shareholders' equity	$ 94,938	83,008

See accompanying notes to the consolidated financial statements

Consolidated Statement of Comprehensive Income (Loss)
(unaudited)

(thousands of dollars)	Three months ended March 31, 2007
Net income	$ 7,408
Other comprehensive income (loss):	
Net change in fair values of cash flow hedges (note 7)	
Reduction in losses on interest rate swaps	51
Increase in gains on equity total return swap	473
Income tax expense on changes in fair values of cash flow hedges	(190)
	334
Net change in fair value of asset available for sale (note 2)	
Realized gain on disposal of Halterm Income Fund Trust Units transferred to net income, net of income taxes of $1,952,000	(8,891)
Other comprehensive income (loss)	(8,557)
Comprehensive income (loss)	$ (1,149)

See accompanying notes to the consolidated financial statements

Consolidated Statement of Accumulated Other Comprehensive Income
(unaudited)

Three months

(thousands of dollars)	ended March 31, 2007
Accumulated other comprehensive income, beginning of period	$ -
Transition adjustment for cash flow hedges, net of income tax recovery of $77,000 (notes 2 and 7)	(123)
Transition adjustment for unrealized gains associated with available for sale investment, net of income taxes of $1,952,000 (note 2)	8,891
Accumulated other comprehensive income, beginning of period	8,768
Other comprehensive income (loss) for the period	(8,557)
Accumulated other comprehensive income, end of period	$ 211

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows
(unaudited)

(thousands of dollars)	Three months ended March 31 2007	2006
Operating Activities		
Net income	$ 7,408	1,167
Items not involving cash		
Depreciation and amortization	883	842
Future income taxes	(430)	118
Executive stock-based compensation plans (notes 4 and 6)	199	165
Accretion of other liabilities (note 3)	240	325
Gain on disposal of long-term investment (note 2)	(10,843)	(168)
Non-controlling interest in subsidiaries' earnings	102	81
Other	(165)	(354)
	(2,606)	2,176
Change in non-cash working capital relating to operating activities	(937)	(3,199)
	(3,543)	(1,023)
Financing Activities		
Change in bank indebtedness	2,759	1,421
Long-term debt borrowings	-	3,500
Long-term debt repayments	(13,491)	(77)
Issuance of capital stock (note 4)	32	-
Repurchase of capital stock (note 4)	-	(1,240)
Dividends paid	(1,680)	(1,695)
Canadian Talent Development commitment payments	(297)	(118)
Other	(605)	(302)
	(13,282)	1,489
Investing Activities		
Property and equipment additions	(997)	(658)
Proceeds from disposal of Halterm Income Fund Trust Units	14,547	399

Deferred charges		(376)	(406)
Employee share purchase loan repayment		2,826	-
Other		825	199
		16,825	(466)
Cash, beginning and end of period	$	-	-

Supplemental Cash Flow Information			
Interest paid	$	871	750
Income taxes paid		565	601

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements - March 31, 2007 and 2006 (unaudited)

1. ACCOUNTING PRESENTATIONS AND DISCLOSURES

The interim financial statements presented herein were prepared by the Company and follow the same accounting policies and their methods of application as the 2006 annual financial statements. These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. They do not include all of the information and disclosures required by GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes contained in the Company's 2006 Annual Report.

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

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

The Company's accounting policies have remained unchanged since the 2006 Annual Report with the exception of the adoption of new accounting policies described in Note 2.

2. ADOPTION OF NEW ACCOUNTING POLICIES

Effective January 1, 2007, the Company has adopted the following new accounting policies as issued by the Canadian Institute of Chartered Accountants ("CICA"): Section 1530 Comprehensive Income, Section 3855 Financial Instruments - Recognition and Measurement and Section 3865 Hedges. The changes in the accounting policies were applied retroactively without restatement.

Section 1530 Comprehensive Income

This Section introduces the concept of comprehensive income which consists of net income and other comprehensive income ("OCI") and represents the change in equity during a period from transactions and other events from non-owner sources. Items to be recognized in OCI include unrealized changes in the fair value of the effective portion of cash flow hedging instruments, gains or losses on financial assets classified as available for sale and the associated income tax effect of OCI components. Amounts recognized in OCI eventually must be reclassified to the income statement. As a result of adopting this Section, the Company's consolidated financial statements now include a consolidated statement of comprehensive income and a consolidated statement of accumulated other comprehensive income ("AOCI"). AOCI is a separate line item reported in the statement of shareholders' equity.

Section 3855 Financial Instruments - Recognition and Measurement

Section 3855 prescribes that all financial instruments are to be recorded on the consolidated balance sheets at their fair value upon adoption of this policy and on initial recognition of financial instruments. Thereafter, measurement at fair value is required except for financial instruments classified as held-to-maturity investments, loans and receivables or other financial liabilities, which are to be measured at amortized cost using the effective interest method ("EIM"). The Company has classified its financial instruments as shown in the table below. Subsequent to fair value recognition on January 1, 2007, the adoption date, the financial instruments will be measured as follows based on their classification:

Asset / Liability	Classification	Measurement
Cash and bank indebtedness	Held for trading	Fair value
Short-term investments	Held for trading	Fair value
Investment in Halterm Income Fund Trust Units	Available-for-sale	Fair value
Receivables	Loans and receivables	Amortized cost using EIM
Note receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other liabilities	Amortized cost using EIM
Long-term debt	Other liabilities	Amortized cost using EIM
Canadian Talent Development commitments, included in other liabilities	Other liabilities	Amortized cost using EIM

Instruments classified as held for trading are measured at fair value with unrealized gains and losses recorded immediately in net income. Fair value of short-term investments is based on the quoted share prices in active markets. For the quarter ended March 31, 2007, the change in fair value of short-term investments, recognized in other income (expense) in the consolidated income statements, was a loss of $1,638,000. The Company's short-term investments are acquired principally for the purpose of selling in the near term and this meets the criteria to classify these assets as held for trading.

Assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Fair value of the Company's available for sale asset was based on the quoted unit price in active markets.

The financial instruments classified as loans and receivables and other liabilities are measured using amortized cost using EIM. Under the EIM, interest income and expense are calculated and recorded using the effective interest rate which is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument. Interest income and expense related to financial assets and financial liabilities are being recorded using the EIM.

Current assets and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the floating interest rate is reflective of the market interest rate available to the Company. The carrying values of the Company's other financial assets and liabilities approximate their fair values as at March 31, 2007.

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

In accordance with Section 3855, the Company conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003. An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the balance sheet at fair value. The Company's policy is to recognize embedded derivatives on the consolidated balance sheet, when applicable. This rule has no impact on the consolidated financial statements of the Company at this time.

Section 3865 Hedges

This Section applies to designated hedging relationships and provides guidance by specifying how hedge accounting is applied and what disclosures are required. In particular, derivatives designated as hedges must be recorded on the balance sheet at fair value on adoption date; off-balance sheet accounting is no longer permitted. Gains and losses from any ineffectiveness in hedging relationships must now be identified, measured and recorded in net income immediately. Gains and losses arising from the hedged risk in a cash flow hedge, to the extent that the hedging relationship is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income.

Transitional adjustments due to the adoption of new accounting policies

As at January 1, 2007, the Company's investment in Halterm Income Fund Trust Units was classified as an available for sale asset. It was disposed of on January 19, 2007 for proceeds of $14,547,000 which resulted in an after-tax gain on disposal of $8,891,000. Section 3855 stipulates that available-for-sale assets are to be recorded at fair value on the balance sheet on the transition date and Section 1530 specifies that unrealized gains or losses on available-for-sale assets are to be recorded in OCI until the gains or losses are realized. As a result, on January 1, 2007, the Company adjusted the carrying value of the investment and opening accumulated other comprehensive income by $8,891,000. On the date of disposal, the realized gain was transferred from OCI to net income.

As at January 1, 2007, cash flow hedge losses aggregating $200,000, net of income tax recoveries of $77,000, were recorded as an adjustment to opening AOCI as a result of recognizing the derivatives at fair value on the balance sheet. For further information on the effect of adopting these new accounting policies on the Company's derivative financial instruments, refer to Note 7 of the consolidated financial statements.

3. BROADCAST LICENCES

In March 2007, the Company launched its new FM radio station in Calgary, Alberta. Upon the launch date, the Company became obligated to pay $1,000,000 in Canadian Talent Development ("CTD") commitments per year for seven years. Using the amortized cost basis to record these commitments on the consolidated balance sheets, $4,718,000 was capitalized as broadcast licences and recorded in other liabilities. Accretion expense arising on the Company's CTD commitments amounted to $240,000 for the first quarter in 2007 (2006 - $325,000).

4. CAPITAL STOCK

The Company has approval under a Normal Course Issuer Bid to repurchase up to 497,012 Class A Subordinate Voting Shares ("Class A shares") and 62,913 Class B Common Shares. This bid expires January 29, 2008. Pursuant to the Normal Course Issuer Bid, the Company repurchased 198,800 of its outstanding Class A shares (2006 - 74,900) for a total cost of $3,737,000 (2006 - $1,240,000) which resulted in reducing capital stock by $847,000 (2006

- $319,000) and retained earnings by $2,890,000 (2006 - $921,000). The $3,737,000 was not paid until April and therefore, it is recorded in accounts payable as at March 31, 2007.

Pursuant to the Executive Stock Option Plan, 3,750 Class A shares were issued in the first quarter (2006 - nil) for proceeds of $32,000 (2006 - $nil). No options were granted in the quarter. Last year, the Company granted 115,000 options at a weighted average exercise price of $16.53. Compensation expense related to stock options for the three months ended March 31, 2007 was $102,000 (2006 -$156,000).

5. EMPLOYEE BENEFIT PLANS

(thousands of dollars)		Three months ended March 31 2007	2006
Defined contribution plans expense	$	320	322
Defined benefit plans expense		126	132

6. STOCK APPRECIATION RIGHTS

In January 2006, the Company granted 425,000 stock appreciation rights at a reference price of $16.53. 30,000 of these rights have expired due to forfeiture. On March 2, 2007, 5,000 stock appreciation rights were granted at a reference price of $18.41. 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 March 31, 2007, the compensation expense was $97,000 (2006 - $9,000) and the total obligation included in other liabilities was $200,000 (2006 - $9,000).

7. DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Interest rate risk management

The Company has two interest rate swap agreements having a notional amount of $20,000,000 and $5,000,000, expiring February 27, 2009 and February 27, 2011, respectively (2006 - $30,000,000). A $5,000,000 agreement expired in July 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 Company formally assesses effectiveness of the swaps at inception and on a regular basis and has concluded that the swaps are effective in offsetting changes in interest rates. The estimated fair value of the interest rate swaps at March 31, 2007 was a loss of $102,000 which was recorded in other liabilities. The reduction in the loss for the three months ended March 31, 2007 was $51,000 and was recorded in other comprehensive income, net of income taxes. For the same period last year, the fair value of the swap agreements was a loss of $55,000; however, this was not recorded in other liabilities since prior to January 1, 2007 there was no requirement to adjust derivates designated as hedges on the balance sheet at their fair value when they qualified for hedge accounting. The accumulated loss at January 1, 2007 of $153,000 was recorded, net of income tax recoveries of $60,000, as a transition adjustment to opening accumulated other comprehensive income.

(b) Share price volatility risk management

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.

In order to qualify for hedge accounting, there must be reasonable assurance that the instrument is and will continue to be an effective hedge. At the inception of the hedge and on an ongoing basis, the Company formally assesses and documents whether the hedging relationship is effective in offsetting changes in cash flows of the hedged item. Gains or losses realized on the quarterly settlement dates are recognized in other income in the same period as the SAR Plan compensation expense. Unrealized gains and losses, to the extent that the hedge is effective, are deferred and included in other comprehensive income until such time as the hedged item affects net income. If at any time, the hedge is deemed to be ineffective or the hedge is terminated or de-designated, gains or losses, including those previously recognized in OCI, will be recorded in net income immediately.

The Company has concluded that this cash flow hedge is effective. The estimated fair value of gains receivable as at March 31, 2007 was $510,000 which was recorded in other assets. The unrealized gain for the three months ended March 31, 2007 was $473,000 and was recorded in OCI, net of income taxes. Realized gains in the quarter of $84,000 were transferred from OCI to net income. The accumulated loss at January 1, 2007 related to this cash flow hedge was $47,000 and was recorded, net of income tax recoveries of $17,000, as a transition adjustment to opening AOCI.

(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 March 31, 2007 and 2006, there was no credit exposure to the Company related to its financial instruments.

The Company is subject to normal credit risk with respect to its receivables and it maintains a provision for potential credit losses. A large customer base and geographic dispersion minimize this risk.

8. EARNINGS PER SHARE

Three months ended

(thousands)	March 31 2007	2006
Weighted average common shares used in calculation of basic earnings per share	11,134	11,223
Incremental common shares calculated in accordance with the treasury stock method	400	335
Weighted average common shares used in calculation of diluted earnings per share	11,534	11,558

9. 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 and other	Total
2007			
Revenue	$ 18,728	790	19,518
Other income	-	(1,500)	(1,500)
	18,728	(710)	18,018
Operating expenses	15,413	2,497	17,910
Depreciation and amortization	818	65	883
Operating income	$ 2,497	(3,272)	(775)
Assets employed	$ 189,419	20,477	209,896
Goodwill	4,337	-	4,337
Capital expenditures	905	92	997
2006			
Revenue	$ 17,771	792	18,563
Other income	-	2,235	2,235
	17,771	3,027	20,798
Operating expenses	15,229	2,370	17,599
Depreciation and amortization	790	52	842
Operating income	$ 1,752	605	2,357
Assets employed	$ 179,571	28,827	208,398

Goodwill	3,610	-	3,610
Capital expenditures	620	38	658

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10. COMMITMENTS

During the first quarter, the Canadian Radio-television and Telecommunications Commission awarded the Company a conversion from AM signals to FM in Edson, Alberta and Halifax, Nova Scotia. As a result of these approvals, the Company is obligated to pay $45,000 in Canadian Talent Development commitments per year for seven years. The Company recognizes CTD commitments on its consolidated balance sheets as broadcast licences and other liabilities on the dates the station conversions are completed and launched.

11. SUBSEQUENT EVENT

On April 12, 2007, the Company disposed of its 29.9% interest in Larche Communications (Kitchener) Inc. which operates an FM radio station in Kitchener, Ontario. The proceeds were $4,000,000 which will result in a gain on disposal of $3,800,000 in the second quarter.

About Newfoundland Capital Corporation Limited

Newfoundland Capital Corporation Limited (TSX: NCC.A, NCC.B) is one of Canada's leading 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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