Newfoundland Capital Corporation Limited

Third Quarter 2013

Period Ended September 30 ***(unaudited)***

Dartmouth, N.S. – October 31, 2013, Newfoundland Capital Corporation Limited ("Company") today announces its financial results for the third quarter ending September 30, 2013.

Highlights

- **Revenue** for the third quarter of $32.7 million was $0.5 million or 2% lower than last year. While the quarter was lower, year-to-date revenue of $96.9 million was $2.8 million or 3% higher than 2012. The year-to-date growth was due to a combination of organic and incremental revenue increases.
- **Earnings before interest, taxes, depreciation and amortization ("EBITDA"(1))** of $7.5 million in the quarter were $1.2 million or 14% lower than last year due to lower revenue and higher operating expenses. The new station start-ups combined with changing formats in a radio market contributed to the increased operating expenses in the quarter. Year-to-date EBITDA of $22.9 million was $0.5 million or 2% higher than 2012. The prior year-to-date expense included a non-cash amount of $1.1 million related to the extension of executive stock option expiry dates. Excluding this amount, EBITDA would have been 2% lower than last year due to the higher operating expenses.
- **Profit for the period** of $8.7 million was $9.7 million higher than last year's loss of $1.1 million. Year-to-date profit of $16.7 million was $13.2 million higher than the same period in 2012. Year-to-date profit in 2013 was higher than 2012 because last year's results included a $7.5 million impairment charge. In addition, the year-to-date provision for income tax expense was net $2.7 million lower than last year.

Significant events

- In August, the Company announced that it had entered into a purchase and sale agreement with Bell Media Inc. to purchase five broadcasting licences in Toronto, Ontario and Vancouver, British Columbia for $112.0 million. The acquisition is subject to approval by the Canadian Radio-television and Telecommunications Commission ("CRTC").
- In July, the Company announced it had entered into an agreement to acquire CHNI-FM in Saint John, New Brunswick. The Company also announced it had entered into an agreement to sell CHFT-FM in Fort McMurray, Alberta. Both transactions are subject to CRTC approval.
- In the third quarter, the Company repurchased a total of 219,500 shares for $1.9 million pursuant to its Normal Course Issuer Bid. Subsequent to quarter end, the Company repurchased 400,000 shares bringing the total shares repurchased year-to-date to 1,083,890 for a total cost of $9.9 million.
- On August 8, 2013, the Board of Directors declared dividends of $0.06 per share to all shareholders of record on August 30, 2013. Dividends of $1.7 million were paid on September 13, 2013.

"Revenue and EBITDA in the quarter were not up to our expectations; however, we continued to outpace industry results which were negative 8% in the quarter. Future bookings are encouraging and we expect to finish the year on a positive note," commented Rob Steele, President and Chief Executive Officer. "The pending acquisition of five stations in Canada's two largest radio markets is a rare opportunity and is transformational for Newcap. We are eager to get this transaction completed and look forward to welcoming the employees in those markets to the Newcap team."

Financial Highlights – Third quarter

(thousands of dollars except share information)		**2013**	2012
Revenue	$	**32,749**	33,250
EBITDA(1)		**7,482**	8,680
Profit (loss) for the period		**8,656**	(1,061)
Earnings (loss) per share – basic		**0.30**	(0.04)
Earnings (loss) per share – diluted		**0.29**	(0.04)
Share price, NCC.A (closing)		**9.40**	7.50
Weighted average number of shares outstanding *(in thousands)*		**28,528**	29,465
Total assets		**234,777**	229,510
Long-term debt		**49,825**	52,855
Shareholders' equity		**128,374**	114,074

(1) Refer to page 10 "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 September 30, 2013 and 2012 prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the annual audited consolidated financial statements and related notes prepared in accordance with IFRS and the MD&A contained in the Company's 2012 Annual Report. The Company's third quarter 2013 interim financial statements and the accompanying notes have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein. These interim financial statements include the accounts of the Company and other entities in which the Company controls in accordance with IAS 27 "Consolidated and Separate Financial Statements" and are reported in Canadian dollars. These documents along with the Company's Annual Information Form, its Management Proxy Circular dated February 28, 2013 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 October 31, 2013. Disclosure contained in this document is current to this date, unless otherwise stated.

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

CORPORATE PROFILE

Newfoundland Capital Corporation Limited owns and operates Newcap Radio, which is one of Canada's leading radio broadcasters with 88 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 800 of the best radio professionals across the country. The Company's portfolio of radio assets includes 74 FM and 14 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.

This year the Company expects to continue to grow its existing operations by increasing advertising revenue and remaining focused on controlling discretionary costs to drive EBITDA margins. It has successfully integrated the operations acquired in Nova Scotia and has launched the new FM stations in New Brunswick. The Company will continue to explore acquisition and expansion opportunities that fit the Company's acquisition 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.

Achieving strong financial results when operating a stand-alone station in a market where one of the competitors operates two stations is difficult. The decision to sell CHFT-FM in Fort McMurray, Alberta made sense since the buyer, Harvard Broadcasting Inc., also operates a stand-alone FM in Fort McMurray and adding a second station will level the competitive market.

CORPORATE DEVELOPMENTS

The following is a review of the key corporate developments which should be considered when reviewing the "Consolidated Financial Review" section. The results of the acquired or launched stations have been included in the interim financial statements since the respective acquisition and launch dates.

2013 Developments:

- January – completed the acquisition of CKCH-FM, The Eagle, in Sydney, Nova Scotia.
- January – received CRTC approval to convert the Port Au Choix, Newfoundland and Labrador AM station to FM. It was launched in late April.
- March – re-branded CFRK-FM in Fredericton as The New Hot 92.3.
- April – received CRTC approval to convert the Wainwright, Alberta AM station to FM. This is expected to be on air in the fall of 2013.
- April – launched 95.9 Sun FM in Miramichi, New Brunswick with a Top 40 format.
- May – the Company announced that it was no longer exploring the sale of its Western assets.
- May – received CRTC approval for a new FM licence in Wabasca, Alberta (a repeater of CHSL-FM in Slave Lake, Alberta) and a new FM licence to serve Clarenville, Newfoundland and Labrador. The new FM in Wabasca is expected to launch in the fall of 2013 while the new FM in Clarenville is not expected to launch until 2014.
- June – launched the Company's second FM in Fredericton, New Brunswick. Up! 93.1 features a Classic Hits format.
- July – entered into an agreement to acquire CHNI-FM in Saint John, New Brunswick from Rogers Broadcasting Ltd., subject to CRTC approval.
- July – entered into an agreement with Harvard Broadcasting Inc. to sell CHFT-FM in Fort McMurray, Alberta, subject to CRTC approval.
- August – entered into an agreement with Bell Media Inc. to purchase radio stations in Toronto, Ontario and Vancouver, British Columbia, subject to CRTC approval.

2012 Developments:

- January – launched the St. Paul, Alberta AM to FM conversion.
- February – completed the acquisition of broadcasting assets related to FM licences in Penticton and Kelowna, British Columbia.
- February – received CRTC approval to convert the Stettler, Alberta AM station to FM. The FM country station was launched in October 2012.
- May – the CRTC awarded the Company two FM licences in New Brunswick, one in Miramichi and the other in Fredericton. Miramichi was launched in April 2013 and the Fredericton FM was launched in June 2013.

CONSOLIDATED FINANCIAL REVIEW

Because of the pending transaction to dispose of the Fort McMurray, Alberta operation, the results from discontinued operations have been excluded from the 2012 comparative figures and presented as one line item in the table below. More detailed disclosures respecting discontinued operations are contained in note 4 of the interim financial statements.

Consolidated Financial Results of Operation

(thousands of dollars, except percentages and per share data)	Three months ended September 30			Nine months ended September 30		
	2013	2012	**Growth**	**2013**	2012	**Growth**
Revenue	$ **32,749**	33,250	(2%)	**96,948**	94,191	3%
Operating expenses	**(25,267)**	(24,570)	3%	**(74,081)**	(71,829)	3%
EBITDA[(1)]	**7,482**	8,680	(14%)	**22,867**	22,362	2%
Depreciation, amortization and accretion	**(1,116)**	(1,096)	2%	**(3,279)**	(3,276)	—
Interest expense	**(660)**	(892)	(26%)	**(1,720)**	(2,776)	(38%)
Other income (expense)	**(508)**	587	—	**(1,009)**	(2,692)	(63%)
Impairment charge	**—**	(7,488)	—	**—**	(7,488)	—
Profit (loss) from continuing operations before provision for income taxes	**5,198**	(209)	—	**16,859**	6,130	175%
Provision for income tax recovery (expense)	**3,426**	(957)	—	**(188)**	(2,868)	(93%)
Profit (loss) from continuing operations	**8,624**	(1,166)	—	**16,671**	3,262	—
Profit from discontinued operations	**32**	105	(70%)	**52**	217	(76%)
Profit (loss) for the period	$ **8,656**	(1,061)	—	**16,723**	3,479	—
Earnings (loss) per share – continuing operations						
– Basic	$ **0.30**	(0.04)	—	**0.58**	0.11	—
– Diluted	**0.29**	(0.04)	—	**0.55**	0.10	—
Earnings (loss) per share						
– Basic	**0.30**	(0.04)	—	**0.58**	0.12	—
– Diluted	**0.29**	(0.04)	—	**0.55**	0.11	—

(1) EBITDA – Earnings before interest, taxes, depreciation and amortization – refer to page 10 "Non-IFRS Accounting Measure"

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

Revenue
In the quarter, consolidated revenue of $32.7 million was $0.5 million or 2% lower than last year. While the quarter was soft, year-to-date revenue of $96.9 million was $2.8 million or 3% higher than the same period last year. The increase was a result of growth from organic operations as well as incremental revenue from newly launched stations. All of the revenue variances were attributable to the Broadcasting segment.

Operating expenses
Consolidated operating expenses in the third quarter of $25.3 million were $0.7 million or 3% higher than last year and year-to-date operating expenses of $74.1 million were $2.3 million or 3% higher than 2012. The increased operating expenses were largely due to higher costs in the Broadcasting segment which is more fully described in the “Financial Review by Segment” section.

EBITDA
Consolidated EBITDA in the quarter of $7.5 million was $1.2 million or 14% lower than last year due to lower revenue and higher operating expenses incurred in the Broadcasting segment. Year-to-date EBITDA of $22.9 million was $0.5 million or 2% higher than 2012. The prior year-to-date expense included a non-cash amount of $1.1 million related to the extension of executive stock option expiry dates. Excluding this amount, EBITDA would have been 2% lower than last year due to higher operating expenses in the Broadcasting segment.

Depreciation, amortization and accretion of other liabilities
In the quarter and year-to-date, depreciation and amortization expense was slightly higher than 2012 due to a higher depreciable asset base; however, accretion of other liabilities was lower than last year. Accretion of other liabilities arises from discounting Canadian Content Development (“CCD”) commitments to reflect the fair value of the obligations. The expense decreases as CCD obligations are drawn down.

Interest expense
Interest expense in the quarter and year-to-date was lower than the same periods last year because of lower interest costs and accounting for the Company’s interest rate swap whereby $0.7 million of interest recovery was transferred from Other Comprehensive Income (“OCI”) to profit year-to-date.

Other income (expense)
Other income (expense) generally consists of gains and losses, realized and unrealized, on the Company’s marketable securities. In the third quarter of 2013, the Company recognized mark-to-market unrealized losses of $0.5 million compared to unrealized gains of $0.7 million last year. For the nine months ended September 30, 2013, the mark-to-market unrealized losses were $0.7 million as compared to $2.3 million in 2012. Also included in *Other income (expense)*, as part of the acquisition in Sydney, Nova Scotia, the Company recognized acquisition-related CCD costs of $0.2 million this year. In 2012, a transaction gain and acquisition-related CCD costs, which netted to just under $0.1 million, were charged to *Other income (expense).* These costs were a result of the purchase of stations in British Columbia. Refer to note 3 in the interim financial statements for additional details.

Impairment charge
In the third quarter of 2012, the CRTC announced it was systematically phasing out the television Local Programming Improvement Fund between September 2012 and August 31, 2014. This CRTC decision impacted the financial results of the television cash-generating unit (“CGU”) in Lloydminster, Alberta by permanently reducing annual EBITDA by as much as $1.0 million by 2014 and beyond. Management performed impairment analyses on the CGU and concluded that the CGU was impaired. The full value of the television broadcast licences, aggregating $7.0 million, was written off as an impairment charge. In addition to the broadcast licence impairment charge, the Company also had some impairment related to the television property and equipment amounting to $0.5 million. Refer to note 5 in the interim financial statements for additional details.

Provision for income taxes
In the quarter, the provision for income taxes was a recovery while the year-to-date expense was $0.2 million reflecting an effective tax rate of 1% which is lower than the statutory rate of 31%. In the quarter, the Company settled on certain tax matters and re-measured certain estimates, including accrued interest, related to uncertain tax positions. The Company reduced the provision for income taxes by $4.7 million. For additional details, refer to note 2 of the interim financial statements.

Profit for the period
Profit for the quarter of $8.7 million was $9.7 million higher than last year’s loss of $1.1 million. Year-to-date profit of $16.7 million was $13.2 million higher than the same period in 2012. The above-noted reduction of the provision for income taxes, lower interest expense and the fact that last year’s results included a $7.5 million impairment charge were the main reasons for the increase in profit.

Other comprehensive income ("OCI")
OCI includes the net change in the fair value of the Company's cash flow hedge and actuarial gains and losses arising on the Company's defined benefit pension plans. The after-tax gain included in OCI in the third quarter of 2013 was negligible (2012 – $0.3 million) while the year-to-date after-tax gain was $0.4 million (2012 – $0.9 million).

FINANCIAL REVIEW BY SEGMENT

Consolidated financial figures include the results of operations of the Company's two separately reported segments – Broadcasting and Corporate and Other. The Company provides information about segment revenue, segment EBITDA and operating profit 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 13 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. The comparative figures exclude the results of discontinued operations more fully described in note 4 of the interim financial statements.

Broadcasting Financial Results of Operations

		Three months ended September 30			Nine months ended September 30		
(thousands of dollars, except percentages)		**2013**	2012	**% Change**	**2013**	2012	**% Change**
Revenue	$	**31,593**	32,164	(2%)	**94,119**	91,362	3%
Operating expenses		**(22,111)**	(21,572)	2%	**(65,082)**	(62,381)	4%
EBITDA	$	**9,482**	10,592	(10%)	**29,037**	28,981	—
EBITDA margin		**30%**	33%	(3%)	**31%**	32%	(1%)

Revenue
Broadcasting revenue in the quarter of $31.6 million was $0.6 million or 2% lower than last year. While results were lower in the quarter, the negative 2% growth was better than the industry growth rate which was negative 8%. This industry's growth rate was impacted by the fact that one less broadcast week fell into the third quarter of 2013 as compared to 2012.

Year-to-date broadcasting revenue of $94.1 million was $2.8 million or 3% higher than 2012. Organic growth year-to-date was 2%. The remaining 1% growth was due to incremental revenue from the newly launched stations in New Brunswick and the acquired stations in Sydney, Nova Scotia and in British Columbia.

The Central Canadian radio properties continued to lead the way in revenue growth for the Company achieving an increase of 3% in the quarter and 14% year-to-date.

Operating expenses
For the quarter, broadcasting operating expenses were $22.1 million, up $0.5 million or 2% over last year. The two new station start-ups in New Brunswick combined with changing formats in the Halifax, Nova Scotia market contributed to the increased operating expenses in the quarter. Year-to-date broadcasting operating expenses of $65.1 million were $2.7 million or 4% higher than 2012. The increases were due to incremental costs associated with the acquisitions and new station launches, combined with higher advertising expenses and increased variable costs in line with higher revenue and inflation.

EBITDA
Third quarter broadcasting EBITDA of $9.5 million was $1.1 million or 10% lower than 2012 because of decreased revenue and higher operating expenses as described above. Year-to-date broadcasting EBITDA of $29.0 million was slightly better than this time last year.

Corporate and Other Segment

The Corporate and Other segment derives its revenue from hotel operations. Corporate and Other expenses are related to head office functions and hotel operations.

Corporate and Other Financial Results of Operation

		Three months ended September 30			Nine months ended September 30		
(thousands of dollars, except percentages)		**2013**	2012	**% Change**	**2013**	2012	**% Change**
Revenue	$	**1,156**	1,086	6%	**2,829**	2,829	—
Operating expenses		**(3,156)**	(2,998)	5%	**(8,999)**	(9,448)	(5%)
EBITDA	$	**(2,000)**	(1,912)	(5%)	**(6,170)**	(6,619)	7%

Revenue
Hotel revenue was higher in the quarter compared to 2012 due to higher occupancy while year-to-date revenue was on par with last year.

Operating expenses
Third quarter operating expenses of $3.2 million were $0.2 million or 5% higher than the same period in 2012 while year-to-date operating expenses of $9.0 million were $0.4 million or 5% lower than last year. In 2012, as a result of extending the expiry dates of certain executive stock options, the Company recognized a non-cash expense of $1.1 million year-to-date.

EBITDA
EBITDA in the quarter was slightly lower than last year but 7% higher on a year-to-date basis due to lower operating expenses.

SELECTED QUARTERLY FINANCIAL INFORMATION

The Company's revenue and operating results vary depending on the quarter. The first quarter is generally a period of lower retail spending and as a result, advertising revenue is generally lower. The fourth quarter tends to be a period of higher retail spending. Third quarter profit for 2013 was positively impacted by the $4.7 million reduction in the provision for income taxes. The third quarter of 2012 was adversely impacted by impairment charges of $7.5 million related to television operations in Lloydminster, Alberta. In the first and second quarters of 2012, unrealized mark-to-market investment losses lowered profit as did the non-cash stock-based compensation expense related to extending stock option expiry dates. Positively impacting the 2011 fourth quarter were the reversal of previous broadcast licence impairment charges, gains on disposal of assets and mark-to-market unrealized gains. The results from discontinued operations have been excluded from the 2012 and 2011 comparative figures for revenue.

(thousands of Canadian dollars		**2013**			2012				2011
except per share data)		**3rd**	**2nd**	1st	4th	3rd	2nd	1st	4th
Revenue	$	**32,749**	35,434	28,766	35,100	33,250	33,798	27,143	34,340
Profit for the period		**8,656**	5,972	2,095	7,405	(1,061)	3,759	781	12,975
Earnings per share									
– Basic		**0.30**	0.21	0.07	0.25	(0.04)	0.13	0.03	0.43
– Diluted		**0.29**	0.20	0.07	0.24	(0.04)	0.12	0.02	0.41

Selected cash flow information – nine months ended September 30, 2013
Cash flows from operating activities of $16.7 million combined with net borrowings of $2.2 million were used to purchase broadcasting assets in Sydney, Nova Scotia for $2.0 million, repurchase capital stock for $6.2 million, purchase property and equipment for $4.6 million, pay dividends of $4.3 million and pay $1.6 million toward CCD commitments.

Selected cash flow information – nine months ended September 30, 2012
Cash flows from operating activities of $14.7 million combined with net borrowings of $12.1 million were used to purchase broadcasting assets in British Columbia for $7.0 million, repurchase capital stock for $9.3 million, purchase property and equipment for $3.6 million, pay dividends of $4.5 million and pay $2.5 million toward CCD commitments.

Capital expenditures and capital budget
The capital expenditures for 2013 are expected to total approximately $5.5 million. The major expenditures include the capital costs associated with launching the new FM licences in Miramichi and Fredericton, New Brunswick as well as general improvements and upgrades. The Company continuously upgrades its broadcast equipment to improve operating efficiencies.

Financial Condition

Total assets

Assets of $234.8 million were $2.4 million higher than December 31, 2012. This was primarily due to the additions of property and equipment and the business acquisition completed in January 2013.

Liabilities, shareholders' equity and capital structure

As at September 30, 2013, the Company had $0.7 million of current bank indebtedness outstanding and $49.8 million of long-term debt. The capital structure consisted of 55% equity ($128.4 million) and 45% liabilities ($106.4 million) at quarter end.

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 facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management deems its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit facility and covenants

The Company has a $90.0 million revolving credit facility. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms. The Company is subject to covenants on its credit facility. The Company's bank covenants include certain maximum or minimum ratios such as total debt to EBITDA ratio, interest coverage and fixed charge coverage ratio. Other covenants include seeking prior approval for acquisitions or disposals in excess of a quantitative threshold. The Company was in compliance with the covenants throughout the quarter and at quarter end.

Cash flow from operations and funds available from the Company's $90.0 million 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.

New credit facility

In conjunction with entering the agreement to acquire the five radio stations in Toronto and Vancouver, the Company secured an additional $90.0 million non-revolving credit facility which will be drawn at closing and will be amortized over eight years.

Both the Company's existing facility and the new facility will expire three years from the date of closing.

Positive cash balances

The Company does not maintain any significant positive cash balances; instead it uses the vast majority of its positive cash balances to reduce debt and minimize interest expense. As a result, the Company nets its deposits in banks with bank indebtedness. The fact that the Company does not have positive cash positions on its balance sheet does not pose an increase to its liquidity risk because the Company generates cash from operations and, as part of its credit facility, it has a $5.0 million current operating credit line to fund any current obligations and it can also access any unused capacity in its credit facility to fund obligations.

Working capital requirements

As at September 30, 2013, the Company's working capital was $11.1 million. The cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations and the availability of cash from its debt facility, the Company will be able to meet all other current cash requirements as they arise. If cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a $5.0 million operating credit line.

Future cash requirements

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

Based on the above discussion and internal analysis, management deems its liquidity risk to be low.

Commitments and Contractual Obligations

Since the publication of the 2012 Annual MD&A (dated February 28, 2013), these are the significant changes in the Company's commitments and contractual obligations. The Company has entered into an agreement to acquire five radio stations from Bell Media Inc. for $112.0 million and as a result has negotiated a new credit facility of $90.0 million which will take effect upon closing. The Company also has agreements in place to acquire CHNI-FM in Saint John, New Brunswick for $0.8 million and to sell CHFT-FM in Fort McMurray, Alberta for $5.0 million. These pending transactions are all subject to

CRTC approval and if approved, the Company will become obligated to fund CCD payments, over a seven year period, of approximately $11.0 million upon the closing of the acquisitions.

SHARE CAPITAL

Outstanding share data

The weighted average number of shares outstanding at September 30, 2013 was 28,871,000 (2012 – 29,956,000). As of this date, there are 24,757,981 Class A Subordinate Voting Shares ("Class A Shares") and 3,770,222 Class B Common Shares ("Class B Shares") outstanding.

Share repurchases

The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,272,093 Class A Subordinate Voting Shares ("Class A shares") and 75,404 Class B Common Shares ("Class B shares"). This bid expires May 20, 2014. During the third quarter, 219,500 (2012 – 891,134) shares were repurchased for $1.9 million (2012 – $7.2 million) bringing the year-to-date number of share repurchases to 683,890 (2012 – 1,161,768) for cash consideration of $6.2 million (2012 – $9.3 million). As a result of the share repurchases, capital stock was reduced by $1.0 million (2012 – $1.7 million) and retained earnings by $5.2 million (2012 – $7.6 million). Subsequent to quarter end the Company repurchased 400,000 Class A shares for a total cost of $3.7 million.

Dividends

Dividends of $0.09 per share were declared in December to all shareholders of record as of December 31, 2012. Dividends of $2.6 million were paid January 31, 2013. On August 8, 2013, the Board of Directors declared dividends of $0.06 per share to all shareholders of record as at August 30, 2013 and $1.7 million dividends were paid on September 13, 2013.

SHARE-BASED COMPENSATION PLANS

Executive stock option plan

During the quarter, no options were granted or exercised (2012 – Nil) pursuant to the Company's executive stock option plan. Year-to-date, 60,000 options (2012 – Nil) were exercised using the cashless exercise option resulting in 43,724 shares issued from treasury (2012 – Nil). Compensation expense related to the stock option plan in the quarter was less than $0.1 million (2012 – less than $0.1 million). Year-to-date compensation expense was $0.1 million (2012 – $1.2 million). Last year's amount included a non-cash expense of $1.1 million year-to-date as a result of the Toronto Stock Exchange ("TSX") and Board of Directors' approval to extend the expiry dates of 2,140,000 stock options by 5 years. Refer to note 8 of the interim financial statements for further details relating to the executive stock option plan.

Stock appreciation rights plan

During the third quarter, no stock appreciation rights ("SARS") (2012 – 185,000) were exercised for cash proceeds of $Nil (2012 – $0.2 million). 45,000 SARS have been exercised year-to-date (2012 – 255,000) for cash proceeds of $0.2 million (2012 – $0.3 million). For the quarter ended September 30, 2013, the compensation expense related to SARS was $0.1 million (2012 – less than $0.1 million). Year-to-date, the expense was $0.1 million (2012 – recovery of $0.1 million). The obligation at quarter end was $0.4 million (2012 – $0.2 million). Refer to note 8 of the interim financial statements for further details relating to SARs.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

For more detailed disclosures about derivative financial instruments and financial risk management, refer to note 10 of the interim financial statements.

Interest rate risk management

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company enters into interest rate swap agreements with Canadian chartered banks. The notional amount of the ongoing swap agreement was $45.0 million (2012 – $55.0 million). One of the Company's swap agreements with a notional amount of $10.0 million expired in June 2013. In 2012, the Company completed a blend and extend of its $45.0 million swap agreement to extend the expiry date of the agreement to May 2017 and to take advantage of lower interest rates. The interest rate on this swap was reduced by approximately 200 basis points. Additional details are provided in note 10(b) of the interim financial statements.

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. The aggregate fair value payable of the swap agreement was $0.4 million (2012 – $1.3 million). The Company applies hedge accounting. The net change in OCI was negligible in the quarter (2012 – gain of $0.3 million) and a gain of $0.4 million year-to-date (2012 – $0.9 million).

Share price volatility management

In July 2006, the Company entered into an agreement to hedge its obligations under the stock appreciation rights plan using an equity total return swap agreement to reduce the volatility in cash flow and earnings due to possible future increases in the Company's share price. Gains or losses realized on the quarterly settlement dates are recognized in profit in the same period as the stock appreciation rights' compensation expense.

Realized before-tax losses recorded in third quarter profit were less than $0.1 million (2012 – $0.1 million). Year-to-date realized before-tax losses were $0.1 million (2012 – $0.2 million). In July 2013, the swap was terminated and the remaining outstanding 228,600 notional SARS were unwound. As a result, the equity total return swap receivable balance is $Nil.

Market risk

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

Credit risk management

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

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

Capital Management

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

CRITICAL ACCOUNTING ESTIMATES

There has been no substantial change in the Company's critical accounting estimates since the publication of the 2012 Annual MD&A dated February 28, 2013, except for changes to the Company's provision for income taxes. As stated in the Annual MD&A, to determine the provision for income taxes, management makes certain assumptions regarding tax filing positions on certain matters and the ability to realize deferred tax assets. In the third quarter, the Company settled on certain tax matters and re-measured certain estimates, including accrued interest, related to uncertain tax positions. The Company reduced current income taxes payable by $9.7 million and increased deferred tax liabilities by $5.0 million with the difference of $4.7 million flowing through profit as a reduction of the provision for income taxes.

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.

RISKS AND OPPORTUNITIES

There has been no substantial change in the Company's risks and opportunities since the publication of the 2012 Annual MD&A dated February 28, 2013.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal controls over financial reporting that occurred in the nine months ending September 30, 2013 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

OUTLOOK

While the third quarter results were lower than expected, the Company's core operating objective remains the same – to deliver revenue and EBITDA growth.

The Company successfully launched its two new FM stations in Miramichi and Fredericton, New Brunswick and launched the FM station (recently converted from AM) in Wainwright, Alberta. The repeating signal in Wabasca, Alberta is expected to be launched in 2013 and the new FM station in Clarenville, Newfoundland and Labrador should be launched in the first half of 2014.

In August, the Company announced that it had entered into an agreement to acquire a combination of five radio stations in Toronto, Ontario and Vancouver, British Columbia from Bell Media Inc. The addition of these licences will have a significant impact on the size of the business. In addition, in July the Company announced its intent to purchase an FM station in Saint John, New Brunswick which would give the Company presence in all of New Brunswick's major radio markets. Both acquisitions are subject to CRTC approval. Management will continue to review new opportunities available through the CRTC application process and through acquisitions.

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: impairment charges and other income (expense). A calculation of this measure is as follows:

		Three months ended September 30		Nine months ended September 30	
(thousands of Canadian dollars)		***2013***	*2012*	***2013***	*2012*
Profit (loss) from continuing operations before provision for income taxes	***$***	***5,198***	*(209)*	***16,859***	*6,130*
Impairment charge		***—***	*7,488*	***—***	*7,488*
Other expense (income)		***508***	*(587)*	***1,009***	*2,692*
Interest expense		***660***	*892*	***1,720***	*2,776*
Depreciation, amortization and accretion expense		***1,116***	*1,096*	***3,279***	*3,276*
EBITDA	***$***	***7,482***	*8,680*	***22,867***	*22,362*

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

Newfoundland Capital Corporation Limited
Notice of Disclosure of Non-Auditor Review of Interim Financial Statements for the three months and nine months ended September 30, 2013 and 2012

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 and nine months ended September 30, 2013 and 2012 have been prepared in accordance with International Financial Reporting Standards and are the responsibility of the Company's management.

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

Dated this 31st day of October, 2013

Interim Condensed Consolidated Statements of Financial Position

(unaudited)

(thousands of Canadian dollars)	Notes		**September 30 2013**	December 31 2012
Assets				
Current assets				
Marketable securities	10(a)	$	**3,584**	4,244
Receivables	10		**26,124**	26,971
Prepaid expenses			**1,294**	1,281
Other assets	10(c)		**—**	736
Current assets held for disposal	4		**197**	—
Total current assets			**31,199**	33,232
Non-current assets				
Property and equipment	3, 5		**36,538**	35,251
Other assets	3		**334**	2,292
Broadcast licences	3, 5		**154,481**	151,830
Goodwill	3		**7,422**	6,109
Deferred income tax assets			**3,661**	3,682
Non-current assets held for disposal	4		**1,142**	—
Total assets		$	**234,777**	232,396
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness		$	**672**	429
Accounts payable and accrued liabilities			**16,292**	16,174
Dividends payable			**—**	2,625
Income taxes payable	2(b)		**3,016**	15,008
Current liabilities held for disposal	4		**115**	—
Total current liabilities			**20,095**	34,236
Non-current liabilities				
Long-term debt			**49,825**	47,904
Other liabilities	8, 10(b)		**11,485**	12,026
Deferred income tax liabilities	2(b)		**24,945**	19,102
Non-current liabilities held for disposal	4		**53**	—
Total liabilities			**106,403**	113,268
Shareholders' equity			**128,374**	119,128
Total liabilities and shareholders' equity		$	**234,777**	232,396

Commitments and Contractual Obligations (note 12)

See accompanying notes to the interim financial statements

Interim Condensed Consolidated Income Statements

(unaudited)

(thousands of Canadian dollars except per share data)	Notes		Three months ended September 30 **2013**	2012	Nine months ended September 30 **2013**	2012
Revenue		$	**32,749**	33,250	**96,948**	94,191
Operating expenses			**(25,267)**	(24,570)	**(74,081)**	(71,829)
Depreciation, amortization and accretion of other liabilities			**(1,116)**	(1,096)	**(3,279)**	(3,276)
Interest expense			**(660)**	(892)	**(1,720)**	(2,776)
Other income (expense)	3, 10(a)		**(508)**	587	**(1,009)**	(2,692)
Impairment charge	5		**—**	(7,488)	**—**	(7,488)
Profit (loss) from continuing operations before provision for income taxes			**5,198**	(209)	**16,859**	6,130
Provision for income tax (expense) recovery from continuing operations						
Current	2(b)		**8,480**	(1,293)	**5,338**	(3,323)
Deferred	2(b)		**(5,054)**	336	**(5,526)**	455
			3,426	(957)	**(188)**	(2,868)
Profit (loss) from continuing operations			**8,624**	(1,166)	**16,671**	3,262
Profit from discontinued operations	4		**32**	105	**52**	217
Profit (loss) for the period		$	**8,656**	(1,061)	**16,723**	3,479
Earnings per share from continuing operations	11					
– Basic		$	**0.30**	(0.04)	**0.58**	0.11
– Diluted			**0.29**	(0.04)	**0.55**	0.10
Earnings per share	11					
– Basic		$	**0.30**	(0.04)	**0.58**	0.12
– Diluted			**0.29**	(0.04)	**0.55**	0.11

See accompanying notes to the interim financial statements

Interim Condensed Consolidated Statements of Comprehensive Income

(unaudited)

(thousands of Canadian dollars)	Notes		Three months ended September 30 **2013**	2012	Nine months ended September 30 **2013**	2012
Profit (loss) for the period		**$**	**8,656**	(1,061)	**16,723**	3,479
Other comprehensive income (loss):						
Cash flow hedges:	10(b)					
Net movement on interest rate swaps			**(1)**	405	**554**	1,191
Income tax expense			**—**	(110)	**(151)**	(322)
Other comprehensive income (loss)			**(1)**	295	**403**	869
Comprehensive income (loss)		**$**	**8,655**	(766)	**17,126**	4,348

See accompanying notes to the interim financial statements

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(unaudited)

(thousands of Canadian dollars)	**Issued share capital (note 6)**	**Contributed surplus (note 7)**	**Accumulated other comprehensive loss**	**Retained earnings (note 6)**	**Total**
Balance at January 1, 2013	$ 38,079	2,614	(1,630)	80,065	119,128
Profit for the period	—	—	—	16,723	16,723
Other comprehensive income	—	—	403	—	403
Total comprehensive income	—	—	403	16,723	17,126
Repurchase of share capital	(988)	—	—	(5,234)	(6,222)
Dividends	—	—	—	(1,712)	(1,712)
Executive stock option compensation expense	—	54	—	—	54
Balance at September 30, 2013	**$ 37,091**	**2,668**	**(1,227)**	**89,842**	**128,374**

See accompanying notes to the interim financial statements

(thousands of Canadian dollars)	**Issued share capital (note 6)**	**Contributed surplus (note 7)**	**Accumulated other comprehensive loss**	**Retained earnings (note 6)**	**Total**
Balance at January 1, 2012	$ 39,779	1,400	(2,729)	81,216	119,666
Profit for the period	—	—	—	3,479	3,479
Other comprehensive income	—	—	869	—	869
Total comprehensive income	—	—	869	3,479	4,348
Repurchase of share capital	(1,700)	—	—	(7,643)	(9,343)
Dividends	—	—	—	(1,762)	(1,762)
Executive stock option compensation expense	—	1,165	—	—	1,165
Balance at September 30, 2012	**$ 38,079**	**2,565**	**(1,860)**	**75,290**	**114,074**

See accompanying notes to the interim financial statements

Interim Condensed Consolidated Statements of Cash Flows

(unaudited)

(thousands of Canadian dollars)	Notes	Nine months ended September 30 2013	2012
Operating Activities			
Profit from continuing operations before provision for income taxes		$ **16,859**	6,130
Items not involving cash			
Depreciation, amortization and accretion of other liabilities		**3,279**	3,276
Share-based compensation expense	8	**151**	1,114
Unrealized losses on marketable securities	10 (a)	**660**	2,274
Impairment charge	5	**—**	7,488
Other		**216**	256
		21,165	20,538
Net change in non-cash working capital from continuing operations		**3,873**	3,876
		25,038	24,414
Interest paid		**(1,785)**	(2,869)
Income taxes paid		**(6,673)**	(7,195)
Net cash flows from continuing operations		**16,580**	14,350
Net cash flows from discontinued operations		**143**	380
Net cash flows from operating activities		**16,723**	14,730
Financing Activities			
Change in bank indebtedness		**243**	(445)
Long-term debt borrowings		**5,500**	14,500
Long-term debt repayments		**(3,500)**	(2,000)
Dividends paid	6	**(4,337)**	(4,492)
Repurchase of capital stock	6	**(6,221)**	(9,343)
Other		**(180)**	—
		(8,495)	(1,780)
Investing Activities			
Acquisition of broadcasting assets	3	**(2,040)**	(6,978)
Property and equipment additions		**(4,552)**	(3,588)
CCD commitment payments		**(1,568)**	(2,492)
Other		**(68)**	108
		(8,228)	(12,950)
Cash, beginning and end of period		$ **—**	—

See accompanying notes to the interim financial statements

1. Reporting Entity

Newfoundland Capital Corporation Limited (the "Company") is incorporated in Nova Scotia, Canada. The address of the Company's registered office of business is 745 Windmill Road, Dartmouth, Nova Scotia, B3B 1C2. The Company's primary activity is radio broadcasting. These unaudited condensed interim consolidated financial statements ("interim financial statements") comprise the financial position of the Company and its subsidiaries, together referred to as the "Company". The Company's revenue is derived primarily from the sale of advertising airtime which is subject to seasonal fluctuations.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 31, 2013.

2. Basis of Preparation

a) Statement of Compliance

These interim financial statements have been prepared in accordance with International Accounting Standards 34 ("IAS"), Interim Financial Reporting, and accordingly, they do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the annual financial statements for the year ended December 31, 2012. Accordingly, these interim financial statements should be read together with the annual financial statements for the year ended December 31, 2012 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 (October 31, 2013). All amounts are expressed in Canadian dollars, rounded to the nearest thousand (unless otherwise specified). The functional currency of the Company and each of its subsidiaries is the Canadian dollar.

b) Critical Accounting Estimates

There has been no substantial change in the Company's critical accounting estimates since the publication of the annual financial statements for the year ended December 31, 2012, except for changes to the Company's provision for income taxes. As stated in the annual financial statements for the year ended December 31, 2012, to determine the provision for income taxes, management makes certain assumptions regarding tax filing positions on certain matters and the ability to realize deferred tax assets. In the third quarter, the Company settled on certain tax matters and re-measured certain estimates, including accrued interest, related to uncertain tax positions. The Company reduced current income taxes payable by $9,700,000 and increased deferred tax liabilities by $5,000,000 with the difference of $4,700,000 flowing through profit as a reduction of the provision for income taxes.

3. Acquisition of Broadcasting Assets

Business Acquisition – 2013

On January 2, 2013, the Company acquired 70.1% of the shares of 3221809 Nova Scotia Limited which operates the CKCH-FM radio station in Sydney, Nova Scotia. The Company previously held 29.9% of the shares and as a result, this was a business combination achieved in stages whereby the Company was required to measure the acquisition-date fair value of the 29.9% equity interest the day immediately preceding the transaction. The fair value was determined to be $600,000 which closely approximated the carrying value of the investment and therefore no gains or losses were recorded as a result.

Total consideration was $4,425,000 and this was made up of the fair value of the initial 29.9% investment of $600,000, the assumption of a note having a fair value of $1,425,000 and cash paid of $2,400,000. The major net assets acquired included the FM broadcast licence, property and equipment and a small amount of working capital. Trade accounts receivable having a gross contractual amount receivable of $246,000 were included in working capital. The contractual cash flows not expected to be collected were estimated to be $34,000 and this was factored in the determination of fair value. The purchase price allocation, as set out in the table below, has been finalized.

The Company already operates an FM radio station in Sydney, and complementing it with this FM station was the reason for the acquisition. This will allow the Company to increase its revenue base and benefit from cost synergies which is why goodwill in the amount of $1,313,000 arose on this transaction. Goodwill is not deductible for tax purposes. The purchase was financed by the Company's credit facility.

3. ACQUISITION OF BROADCASTING ASSETS *(continued)*

Business Acquisition – 2013 *(continued)*

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. The following table sets out the net assets acquired and their estimated acquisition date fair values:

(thousands of Canadian dollars)		**CKCH-FM**
Working capital	**$**	**197**
Deferred tax asset on tax loss carryforwards		**215**
Property and equipment		**767**
Broadcast licence		**2,387**
Goodwill		**1,313**
Total assets acquired		**4,879**
Deferred tax liabilities on property and equipment and broadcast licences		**(454)**
Net assets acquired	**$**	**4,425**

In order for the acquisition to have been approved by the Canadian Radio-television and Telecommunications Commission ("CRTC"), the Company had to commit to additional Canadian Content Development ("CCD") payments of $222,000, payable in equal instalments over seven years. This financial liability was recognized on the statement of financial position as *other liabilities* and its fair value was determined based on discounting cash flows using the effective interest method ("EIM"). Under EIM, accretion expense is calculated and recorded using the effective interest rate (3.9%) that exactly discounts estimated future cash payments throughout the seven year life of the CCD commitment to the fair value at initial recognition. The amount of CCD expensed in *Other income (expense)* in the income statement was $191,000.

Earnings of this acquisition have been included in profit as of the date of acquisition on January 2, 2013. Revenue recognized to-date in the income statement related to the acquisition was $566,000 and the net loss was $85,000, which includes the $191,000 CCD expensed on the acquisition date.

Business Acquisitions – 2012

On February 26, 2012 the Company acquired from Great Valleys Radio Ltd. broadcasting assets related to CIGV-FM in Penticton, British Columbia for cash consideration of $2,002,000. The assets acquired included the FM broadcast licence, property and equipment and a small amount of working capital. The accounting calculation related to the allocation of the purchase price resulted in the recognition of a transaction gain of $311,000 which was recognized in the period as *Other income (expense)*. The purchase price allocation, as set out in the table below, has been finalized.

On the same date, the Company acquired from Sun Country Radio Ltd. the broadcasting assets, and assumed certain liabilities, related to CKKO-FM in Kelowna, British Columbia for $4,976,000, subject to minor working capital adjustments. The assets acquired included the FM broadcast licence, property and equipment and certain other working capital items while the liabilities assumed related to the remaining CCD attached to the licence. Included in working capital are trade accounts receivable having a gross contractual amount receivable of $240,000. The contractual cash flows not expected to be collected was estimated to be $36,000 and this has been factored in the determination of fair value. The purchase price allocation, as set out in the table below, has been finalized.

The primary reason for these acquisitions is that the Company seeks growth and these two FM stations provided the opportunity to expand operations into British Columbia. The purchases were financed by the Company's credit facility.

The purchase price was allocated to the net assets acquired on the basis of the estimated fair values on the acquisition date using the acquisition method of accounting. The following table sets out the net assets acquired and their estimated acquisition date fair values:

(thousands of Canadian dollars)		**CIGV-FM Penticton**	**CKKO-FM Kelowna**	**Total**
Working capital	$	2	110	112
Property and equipment		300	840	1,140
Broadcast licences		2,059	4,142	6,201
Total assets acquired		2,361	5,092	7,453
Deferred tax liabilities		(48)	—	(48)
CCD commitments assumed		—	(116)	(116)
Net assets acquired	$	2,313	4,976	7,289
Transaction gain		(311)	—	(311)
Cash consideration	**$**	**2,002**	**4,976**	**6,978**

4. Assets Held For Disposal And Discontinued Operations

In July 2013, the Company entered into an agreement to sell CHFT-FM in Fort McMurray, Alberta for cash proceeds of $5,000,000. The financial results from this cash-generating unit ("CGU") have been treated as discontinued operations in the interim consolidated income statements and statement of cash flows for both 2013 and 2012. The assets and liabilities held for disposal have been segregated on the interim statement of financial position. The results from this CGU were also excluded from the Broadcasting segment results in segmented information presented in note 13 of the interim financial statements. This transaction is subject to approval by the CRTC.

Selected financial information for the cash-generating unit included in discontinued operations is presented below:

(thousands of Canadian dollars)		Three months ended September 30 **2013**	2012	Nine months ended September 30 **2013**	2012
Revenue	$	**362**	449	**1,034**	1,299
Operating expenses		**(294)**	(279)	**(891)**	(919)
Depreciation, amortization and accretion of other liabilities		**(23)**	(25)	**(71)**	(78)
Profit before income taxes		**45**	145	**72**	302
Provision for income tax expense		**(13)**	(40)	**(20)**	(85)
Profit from discontinued operations	$	**32**	105	**52**	217

The major classes of assets and liabilities held for disposal are as follows:

(thousands of Canadian dollars)		**September 30 2013**
Current assets:		
Accounts receivable and other current assets	$	**197**
Non-current assets:		
Property and equipment		**684**
Broadcast licence		**458**
Total assets held for disposal		**1,339**
Current liabilities:		
Accounts payable		**115**
Non-current liabilities:		
Deferred income tax liabilities		**53**
Total liabilities held for disposal		**168**
Net assets of discontinued operations	$	**1,171**

5. Impairment Charge

In July 2012, the CRTC announced it was systematically phasing out the television Local Programming Improvement Fund between September 2012 and August 31, 2014. This decision impacted the financial results of the television CGU in Lloydminster, Alberta by permanently reducing annual profit before provision for income taxes by as much as $1,000,000 by 2014 and beyond. As a result, management performed a detailed impairment analysis of this CGU, which comprises the net assets, including the broadcast licences, related to two local television stations. Management concluded that the CGU was impaired and the impairment charge was required to be recognized immediately. When determining whether impairment exists, management must compare the carrying values of its assets to the recoverable amounts. In doing so, the recoverable amounts of the broadcast licences (calculated using the Value-in-Use method) and certain capital assets (calculated using the Fair Value less Costs to Sell approach) were lower than the carrying values, resulting in impairment charges. The full value of the television broadcast licences, aggregating $6,988,000, was written off as an impairment charge. In addition to the broadcast licence impairment charge, the Company also had some impairment related to the television property and equipment amounting to $500,000.

The recoverable amount of the Lloydminster CGU was determined based on a value-in-use calculation using cash flow projections covering a five-year period. Cash flows beyond the five-year period were extrapolated using a 2.0% growth rate which is based upon historical inflation rates. The pre-tax discount rate applied to the cash flow projections, which was based on the Company's weighted average cost of capital, was 9.8%. Cash flow projections are extended beyond the five year budget period because broadcast licences are considered indefinite life assets.

5. IMPAIRMENT CHARGE *(continued)*

The key assumptions used in the calculation of value-in-use are the discount rate, the growth rate and market share during the forecast period and the growth rate used to extrapolate cash flow beyond 5 years.

The recoverable amount of the Lloydminster property and equipment was determined based on a fair value less cost to sell ("FVLCS") calculation. The determination of FVLCS was based on what the assets would likely sell for less any costs associated to dispose of them. The assumptions were based on past experience and also on external sources of information such as property assessment values.

6. SHARE CAPITAL

Outstanding share capital
Outstanding share capital was 28,528,000 at September 30, 2013 (2012 – 29,168,000).

Share repurchases
The Company has approval under a Normal Course Issuer Bid to repurchase up to 1,272,093 Class A Subordinate Voting Shares ("Class A shares") and 75,404 Class B Common Shares ("Class B shares"). This bid expires May 20, 2014. During the third quarter, 219,500 (2012 – 891,134) shares were repurchased for $1,879,000 (2012 – $7,173,000) bringing the year-to-date number of share repurchases to 683,890 (2012 – 1,161,768) for cash consideration of $6,221,000 (2012 – $9,343,000). As a result of the share repurchases, capital stock was reduced by $988,000 (2012 – $1,700,000) and retained earnings by $5,234,000 (2012 – $7,643,000). Subsequent to quarter end the Company repurchased 400,000 Class A shares for a total cost of $3,700,000.

Dividends
In December 2012, the Company declared a dividend of $0.09 per share on each of its Class A shares and Class B shares and $2,625,000 was paid to shareholders (2012 – $2,730,000). On August 8, 2013, the Company declared dividends of $0.06 per share to all shareholders of record as at August 30, 2013 and dividends of $1,712,000 (2012 – $1,762,000) were paid on September 13, 2013.

Exercise of stock options
Pursuant to the Company's executive stock option plan disclosed in note 8, no options were exercised in the third quarter. 60,000 options were exercised year-to-date in 2013 using the cashless exercise option resulting in 43,724 shares issued from treasury (2012 – Nil). In 2012, no options were granted or exercised during the third quarter or on a year-to-date basis.

7. CONTRIBUTED SURPLUS

		Nine months ended September 30	
(thousands of Canadian dollars)		**2013**	2012
Balance January 1	**$**	**2,614**	1,400
Executive stock option plan compensation expense *(note 8)*		**54**	1,165
Balance September 30	**$**	**2,668**	2,565

8. SHARE-BASED COMPENSATION

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

Stock appreciation rights
A total of 1,745,000 stock appreciation rights ("SARS" or "rights") have been granted since 2006 at a weighted-average reference price of $5.75. As at September 30, 2013, 125,000 stock appreciation rights ("SARS" or "rights") were outstanding. The SARS' expiry dates range from April 2014 to February 2015. 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 and 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.

No SARS were granted to-date in 2013 or 2012. No SARS were exercised in the third quarter (2012 – 185,000 SARS exercised for $250,000). Year-to-date, 45,000 SARS were exercised for cash proceeds of $171,000 (2012 – 255,000 exercised for $340,000). Compensation expense in the third quarter was $80,000 (2012 – $16,000) and year-to-date, the expense was $97,000 (2012 – recovery of $51,000). The total obligation for SARS compensation was $380,000 of which $355,000 was current and classified as accounts payable and accrued liabilities (2012 – compensation payable was $232,000 of which $168,000 was current).

8. SHARE-BASED COMPENSATION *(continued)*

Executive stock options

A total of 2,470,000 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 or exercised during the third quarter (2012 – Nil). Year-to-date, 60,000 options were exercised (2012 – Nil). Compensation expense related to the stock option plan in the quarter was $17,000 (2012 – $37,000) and year-to-date compensation expense was $54,000 (2012 – $1,165,000). Last year's amount included a non-cash expense of $1,052,000 year-to-date as a result of the Toronto Stock Exchange ("TSX") and Board of Directors' approval to extend the expiry dates of 2,140,000 stock options by 5 years.

9. EMPLOYEE BENEFIT PLANS

		Three months ended September 30		Nine months ended September 30	
(thousands of Canadian dollars)		**2013**	2012	**2013**	2012
Defined contribution plan expense	$	**406**	388	**1,227**	1,186
Defined benefit plan expense		**98**	85	**295**	253

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Current assets and current liabilities' carrying values are representative of their fair values due to the relatively short period to maturity. The fair value of long-term debt approximates the carrying value because the interest charges under the terms of the long-term debt are based on the 3-month Canadian banker's acceptance rates. The fair values of CCD commitments approximated their carrying values as they were recorded at the net present values of their future cash flows, using discount rates ranging from 3.9% to 12.2%. Accretion expense arising on CCD obligations was $52,000 for the quarter (2012 – $67,000) and $139,000 year-to-date (2012 – $227,000).

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:					
Cash and bank indebtedness	$	**(672)**	(672)	—	—
Marketable securities		**3,584**	3,584	—	—
Loans and receivables:					
Accounts receivable		**26,124**	—	26,124	—
Items accounted for as hedges:					
Interest rate swap payable		**(353)**	—	(353)	—
Other liabilities at amortized cost:					
Accounts payable and accrued liabilities, net of current portion of CCD and interest swaps		**(15,365)**	—	(15,365)	—
Long-term debt		**(50,000)**	—	(50,000)	—
CCD commitments		**(2,171)**	—	(2,171)	—

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

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

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

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.

Offsetting financial assets and liabilities
The Company sets off its positive cash balances with bank indebtedness in accordance with its mirror-netting agreement with a Canadian Chartered Bank. Positive cash balances at September 30, 2013 were equal to $731,000 while negative cash balances were $1,403,000 which net to $672,000. The Company does not set off any other financial instruments.

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

Credit risk
The Company is subject to normal credit risk with respect to its receivables. A large customer base and geographic dispersion minimize the concentration of credit risk. Credit exposure is managed through credit approval and monitoring procedures. The Company does not require collateral or other security from clients for trade receivables; however the Company does perform credit checks on customers prior to extending credit. Based on the results of credit checks, the Company may require upfront deposits or full payments on account prior to providing service. The maximum credit exposure approximated $26,100,000 as at September 30, 2013, 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 $900,000 as at September 30, 2013. The Company is of the opinion that the provision for potential losses adequately reflects the credit risk associated with its receivables. Approximately 87% 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 third quarter was $108,000, bringing the year-to-date total to $286,000, 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, interest rates and the Company's quoted share price as it relates to the stock appreciation rights plan.

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

The fair value of the Company's marketable securities is affected by changes in the quoted share prices in active markets. Such prices can fluctuate and are affected by numerous factors beyond the Company's control. In order to minimize the risk associated with changes in the share price of any one particular investment, the Company diversifies its portfolio by investing in various 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 September 30, 2013, a 10% change in the share prices of each marketable security would result in an estimated $300,000 change in profit.

For the quarter ended September 30, 2013, the change in fair value of marketable securities, recorded in *Other income (expense)*, was an unrealized loss of $459,000 (2012 – unrealized gain of $657,000). Year-to-date, the loss was $660,000 (2012 – $2,274,000).

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

Market risk *(continued)*

b) *Interest rate risk management*

To hedge its exposure to fluctuating interest rates on its long-term debt, the Company enters into interest rate swap agreements with Canadian Chartered Banks. One swap having a notional value of $10,000,000 expired in June 2013. The other 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. The Company elected to apply hedge accounting and as such formally assesses effectiveness of the swap at inception and on a regular basis.

In 2012, the Company amended the terms of its $45,000,000 swap agreement to extend the expiry date and to take advantage of lower interest rates. The interest rate on this swap was reduced by approximately 200 basis points. The aggregate fair value payable of the swap agreement at the time of extension was $1,375,000 and this was blended into the new fixed rate of interest of the swap. This amount is being transferred from OCI to interest expense over the term of the original agreement which ended in May 2013.

As at September 30, 2013, the $45,000,000 swap was ineffective for accounting purposes. As a result the change in fair value of the swap, from the time the swap was deemed ineffective in May 2012, is being transferred from OCI to profit. Interest related to this hedge ineffectiveness transferred from OCI to profit in the quarter was $146,000 (2012 – recovery of $86,000). Because of market interest rate increases on a year-to-date basis, the change in the fair value payable year-to-date was significant and as a result, interest recovery amounts were transferred from OCI to profit in the amount of $664,000 year-to-date (2012 – $186,000).

At quarter end, the aggregate fair value payable of the swap agreement was $353,000 (2012 – $1,329,000). The before-tax change in fair value of the swaps recorded in OCI for the third quarter was a loss of $146,000 (2012 – gain of $185,000) and year-to-date was a gain of $733,000 (2012 – $1,112,000). Of the fair value change recorded in OCI, a significant amount of net interest expense/recoveries were transferred out of OCI into profit. For the third quarter, the before-tax net interest expense of $145,000 (2012 – $220,000) transferred from OCI to profit consisted primarily of $146,000 (2012 – recovery of $86,000) related to hedge ineffectiveness as described above, offset primarily by $Nil (2012 – $344,000) of expense arising from the blend and extend fair value balance noted above. Year-to-date, the net recovery of interest of $178,000 (2012 – expense of $80,000) transferred from OCI to profit consisted primarily of $664,000 (2012 – $186,000) related to hedge ineffectiveness, offset primarily by $573,000 (2012 – $458,000) of expense arising from the blend and extend fair value balance noted above.

A 0.5% change in the projected floating interest rates during the remaining term of the hedge agreements would have impacted the fair value of the interest rate swaps by approximately $600,000 which would have flowed through profit since the swap was ineffective for accounting purposes as at September 30, 2013.

c) *Share price volatility risk management*

In July 2006, the Company entered into a cash-settled equity total return swap agreement to manage its exposure to fluctuations in its stock-based compensation costs related to the SAR Plan. Compensation costs associated with the SAR Plan fluctuate as a result of changes in the market price of the Company's Class A shares. The Corporation entered into this swap for a total of 1,275,000 notional Class A shares with a hedged price of $5.85.

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 July 2013, the swap expired and the remaining 228,600 notional SARS were unwound. As a result there is no longer any amounts receivable related to the equity total return swap. Realized before-tax losses recorded in third quarter profit were $14,000 (2012 – $77,000) and year-to-date before-tax losses were $72,000 (2012 – $171,000).

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

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

Liquidity risk *(continued)*

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

Obligation *(thousands of Canadian dollars)*		**12 months**	**2014 - 2017**	**Thereafter**
Long-term debt	**$**	**—**	50,000	—
Bank indebtedness		**672**	—	—
Accounts payable and accrued liabilities, net of current portion of undiscounted CCD commitments		**15,402**	—	—
Income taxes payable		**3,016**	—	—
CCD commitments, undiscounted		**265**	1,775	316
	$	**19,355**	51,775	316

In conjunction with entering the agreement to acquire the five radio stations in Toronto and Vancouver, the Company secured an additional $90,000,000 non-revolving credit facility which will be drawn at closing and will be amortized over eight years.

Both the Company's existing $90,000,000 revolving credit facility and the new facility will expire three years from the date of closing.

Capital risk

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

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

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

Financial projections are updated and reviewed regularly to reasonably ensure that financial debt covenants will not be breached in future periods. The Company monitors the covenants and foreign ownership status of the issued and outstanding voting shares and presents this information to the Board of Directors quarterly. The Company was in compliance with all the above as at September 30, 2013.

11. Earnings Per Share

	Three months ended September 30		Nine months ended September 30	
(thousands)	**2013**	2012	**2013**	2012
Weighted average common shares used in calculation of basic earnings per share	**28,528**	29,465	**28,871**	29,956
Effect of dilution related to executive stock options	**1,261**	1,110	**1,298**	1,121
Weighted average common shares used in calculation of diluted earnings per share	**29,789**	30,575	**30,169**	31,077

12. Commitments and Contractual Obligations

In August, the Company announced it had entered into a purchase and sale agreement with Bell Media Inc. to acquire a combination of five radio stations in Toronto, Ontario and Vancouver, British Columbia for $112,000,000. In July, the Company announced it had entered into a purchase and sale agreement to acquire CHNI-FM in Saint John, New Brunswick from Rogers Broadcasting Ltd. for $750,000, and that it had entered into an agreement to sell CHFT-FM in Fort McMurray, Alberta, for $5,000,000. These transactions are subject to CRTC approval.

In addition to the purchase prices noted above, if approved, the Company will become obligated to fund Canadian Content Development payments, over a seven year period, of approximately $11,000,000 upon the closing of the acquisitions.

13. Operating Segment Information

The Company has two reportable segments – Broadcasting and Corporate and Other. The Broadcasting segment consists of the operations of the Company's radio and television licences. This segment derives its revenue from the sale of broadcast advertising. This reportable segment is a strategic business unit that offers different services and is managed separately. The Company evaluates performance based on revenue and segment profit (loss). Corporate and Other consists of a hotel and the head office functions. Its revenue relates to hotel operations. Details of segment operations are set out below. Results from Fort McMurray, Alberta operations have been excluded from the Broadcasting segment figures as a result of accounting for discontinued operations as described in note 4 of the interim financial statements.

(thousands of Canadian dollars)		**Broadcasting**	**Corporate & Other**	**Total**		**Broadcasting**	**Corporate & Other**	**Total**
		Three months ended September 30				Nine months ended September 30		
2013								
Revenue	**$**	**31,593**	**1,156**	**32,749**		**94,119**	**2,829**	**96,948**
Operating expenses		**(22,111)**	**(3,156)**	**(25,267)**		**(65,082)**	**(8,999)**	**(74,081)**
Segment profit (loss)		**9,482**	**(2,000)**	**7,482**		**29,037**	**(6,170)**	**22,867**
Depreciation, amortization and accretion of other liabilities		**(1,039)**	**(77)**	**(1,116)**		**(3,069)**	**(210)**	**(3,279)**
Interest expense		**—**	**(660)**	**(660)**		**—**	**(1,720)**	**(1,720)**
Other income (expense)		**41**	**(549)**	**(508)**		**(277)**	**(732)**	**(1,009)**
Profit (loss) from continuing operations before provision for income taxes	**$**	**8,484**	**(3,286)**	**5,198**		**25,691**	**(8,832)**	**16,859**
Total assets					**$**	**222,264**	**12,513**	**234,777**
Total liabilities						**(41,126)**	**(65,277)**	**(106,403)**
Other disclosures								
Broadcast licences						**154,481**	**—**	**154,481**
Goodwill						**7,422**		**7,422**
Capital expenditures	**$**	**(936)**	**(16)**	**(952)**		**(4,423)**	**(129)**	**(4,552)**
		Three months ended September 30				Nine months ended September 30		
2012								
Revenue	$	32,164	1,086	33,250		91,362	2,829	94,191
Operating expenses		(21,572)	(2,998)	(24,570)		(62,381)	(9,448)	(71,829)
Segment profit (loss)		10,592	(1,912)	8,680		28,981	(6,619)	22,362
Depreciation and amortization		(1,031)	(65)	(1,096)		(3,074)	(202)	(3,276)
Interest expense		—	(892)	(892)		—	(2,776)	(2,776)
Other income (expense)		—	587	587		—	(2,692)	(2,692)
Impairment charge		(7,488)	—	(7,488)		(7,488)	—	(7,488)
Profit (loss) from continuing operations before provision for income taxes	$	2,073	(2,282)	(209)		18,419	(12,289)	6,130
Total assets					$	213,413	16,097	229,510
Total liabilities						(69,605)	(45,831)	(115,436)
Other disclosures								
Broadcast licences						150,925	—	150,925
Goodwill						6,109	—	6,109
Capital expenditures	$	(1,211)	(56)	(1,267)		(3,451)	(137)	(3,588)

Transfer agent and registrar
The transfer agent and registrar for the shares of the Company is Canadian Stock Transfer Company Inc. at its offices in Halifax and Toronto.

For shareholder account inquiries:
Telephone: 1-800-387-0825 (toll free in North America)
e-mail: inquiries@canstockta.com
or write to: Newfoundland Capital Corporation Limited
c/o The Canadian Stock Transfer Company
P.O. Box 700, Station B
Montreal, QC H3B 3K3

Investor relations contact
Institutional and individual investors seeking financial information about the Company are invited to contact Scott G. M. Weatherby, Chief Financial Officer and Corporate Secretary (902) 468-7557
E-mail: investorrelations@ncc.ca
web: www.ncc.ca

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

Newfoundland Capital Corporation

Newfoundland Capital Corporation Limited
745 Windmill Road, Dartmouth, Nova Scotia
Canada B3B 1C2

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